

**CONSUMPTION BUYING VERSUS ORGANIZATIONAL BUYING :
THE EFFECTS OF FRIENDSHIP AND SELLER JOB STATUS ON
CHINESE BARGAINING BEHAVIOR**

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ABSTRACT

From Alderson's marketing-as-negotiation concept (1957) to Bagozzi's marketing-as-exchange perspective (1978), the process of buyer and seller interactions has been emphasized as a key feature in consumer or buyer transactions. One approach to illuminate the process of buyer and seller interactions in both consumer and industrial studies requires the examination of negotiation behavior (i.e. bargaining behavior in this study) (e.g., Clopton 1984; Dwyer and Walker 1981; Johnston and Bonoma 1983; Mathews, Wilson, and Monoky 1972; Walker 1971).

In addition, bargaining is believed to be an inevitable aspect in daily life. Bargaining does involve exchange, otherwise parties involved would not be satisfied. However, there is no single fixed effective and efficient optimal solution for both buyer and seller, and no solution can be universally applicable. It all depends on particular consumption situations and buying motivation under particular cultures. Indeed, the buyer, seller and buying situation have dyadic interaction relationship, and cultural values are recognized to have made an impact on consumer or buyer behavior.

Besides, personal selling, through buyer and seller bargaining, is believed to allow the seller or the salesman to tailor his/her presentation to the needs and wants of the buyer. Therefore, the seller should emphasize different persuasive arguments and have different selling tactics and strategies depending upon different consumption situations and different buying motives for the buyer. It is logical to think that identification of the purchasing decision maker's needs, wants, concerns and buying

behavior under different situations should assist the seller to develop his/her presentation or bargaining strategies effectively and efficiently. Especially, at a time when many competing products and services are quite similar, and when prices are more or less the same, only the sales team with effective and efficient selling tactics and strategies would have the opportunity to achieve distinguished success among its numerous mediocre counterparts. Indeed, understanding buyer and seller negotiations or bargaining has always been the key issue in the marketing studies (e.g., Clopton 1984; Dwyer and Walker 1981; McAlister, Bazeman and Fader 1986; Schurr and Ozanne 1985).

This study aims at increasing the understanding of the buyer-seller-situation interaction process by investigating the effects of friendship (between bargainers), job status (of an individual seller), and buying situation (i.e., consumption buying and organizational buying) under the influence of Chinese cultural environment. The Chinese bargaining context was selected as the focus of this research. It was expected that findings obtained could advance company decision makers, including sales managers, in their future internal and external marketing strategies concerning sales bargaining between Chinese. It is assumed that by obtaining a thorough and in-depth understanding of who buys, why they buy, when they buy, where they buy, and how they buy, the bargainer would be able to minimize bargaining failures and wasted resources.

Literature in marketing, social psychology of Chinese people and the Chinese cultural values were reviewed. Specifically, Yang's (1993a and 1993b) social

orientation framework of Chinese, the concept of face, the concept of pao, and the concept of yuan were examined in the study too. They served as a base to identify salient independent variables that could explain the indigenous Chinese bargaining behavior, and develop constructs and hypotheses to be tested in the study.

The literature tend to suggest that, under the influence of social orientation of Chinese, “friendship”, “seller job status”, and “buying situation” would explain the variation in perception, attitude, and behavior of Chinese in bargaining.

A sample of 240 Chinese subjects participated in this 2 x 2 x 2 (friendship x seller job status x buying situation) experimental study. The results of this study indicated that (1) friendship generates “perceived efficiency” and “perceived satisfaction” of the bargaining, (2) buying situation influences “perceived efficiency”, (3) the interaction of buying situation and friendship affects “seller credibility” and (4) the interaction of seller job status and friendship affects the adoption of “integrative bargaining style” of the buyer.

Finally, results and implications for marketers and sales managers are discussed and, opportunities for further research are offered.

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CHAPTER ONE

INTRODUCTION

Background

According to Rubin and Brown (1975), bargaining can be of direct relevance to the world of everyday events. No matter which role we assume, be it husband, wife, citizen, consumer, employer or employee, we are often engaged in some forms of bargaining. Bargaining occurs in business and academic environments and in informal social interactions, and obviously, it is also essential for anybody to interact with other people to accomplish their objectives. Thus, a face-to-face buyer and seller bargaining is perhaps the most important and inevitable aspect in daily life.

Looking specifically, from the marketing perspective, bargaining is perhaps also one of the most fundamental and important marketing issue. It is because every consumer and industrial purchase should be accomplished through bargaining over many issues, such as price, credit, quality, materials, and service. In most cases, exchanges are rarely accomplished or completed without bargaining. Thus, bargaining occurs between individuals, groups, organizations, countries and nations. Even before the existence of television advertising, radio advertising, direct marketing,

supermarkets, shopping malls, electronic funds transfers, and credit cards, there were face-to-face buyer and seller bargaining. Indeed, even before the concept of money, we had face-to-face interacting exchanges of tangible goods and intangible services.

Although technological advances have made buyer and seller bargaining more effective and efficient, the goals, objectives, purposes, and the fundamental process of a buyer and seller bargaining have remained unchanged. All commercial exchanges do still involve two-way communication between buyers and sellers. And their ultimate goals, objectives and purposes of the bargaining process are to exchange what they want, including both tangible goods and intangible services. However, there are no fixed or established rules or procedures to exchange. Whenever an agreement has to be made, bargains will have to take place. Different people involving in different situations should have different perceptions on bargaining partners, adopt different bargaining styles and generate different outcomes.

Since bargaining occurs everywhere and everyday, there is broad interest in the study of bargaining behavior by many scholars. Their interest can be shown by the rich interdisciplinary history of bargaining behavior studies in the fields of psychology, economics, industrial relations, organization behavior, sociology, and law. A more detailed description will be given in the next chapter of literature review. Whatever their discipline or field is, the ultimate goals of these bargaining behavior studies are to analyze the processes of bargaining, predict the outcomes of bargaining, and assist people to bargain in a more effective and efficient way.

Impact of Cultural Values on Buying-Selling Process

Culture has appeared in the marketing literature primarily as a determinant of buyer behavior (e.g., Engel, Kollat and Blackwell 1973). Many scholars (e.g., Clark 1990; Hall 1976 and 1983) have already noted that culture has a profound impact on the way how consumers perceive and behave. As Duesenberry (1949) points out, all of the activities in which people engage are culturally determined, and nearly all purchases and economic exchanges are undertaken either to provide physical comfort or to implement the activities that make up the life of a culture.

In his study, McCrackern (1990) explicitly expresses the culture's powerful impact on the attitude, perception, meaning of the products that consumers view.

“We may see consumer goods as the vehicles of cultural meanings. We may see consumers themselves as more or less sophisticated choosers and users of these cultural meanings. We may see the marketing system as one of the chief ways in which cultural goods and meanings assume their cultural significance. It is possible to construe consumers not so much ‘information centered’ as ‘meaning centered.’ We may see them as individuals who use their consumer behavior to take possession of cultural meanings which are then pressed into service in the creation of aspects of the self and the domestic world.”

In addition, many scholars have defined culture from different perspectives, such as anthropology, psychology, sociology and so on. Thus, it results in a host of definitions (see Table 1.1).

Table 1.1

Definitions of Culture

“Culture is that complex whole which includes knowledge, belief, art, morals, custom and any other capabilities and habits acquired by man as a member of society.”

(Tylor 1871)

“Culture is the man-made part of the human environment.”

(Herskovits 1948)

“Culture consists of pattern, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including the embodiments in artifacts, the essential core of culture consists of traditional ideas and especially their attached values.”

(Kroeber and Kluckhohn 1952)

“Culture consists of whatever it is one has to know or believe in order to operate in a manner acceptable to its members. It is the form of things that people have in their mind, their models of perceiving, relating, and otherwise interpreting [material phenomenon]

(Keesing 1957)

“Culture is a way of life of a group of people, the configuration of all the more or less stereotyped patterns of learned behavior, which are handed down from one generation to the next through the means of language and imitation.”

(Barnouw 1963)

“Culture is (a) something that is shared by all or almost all members of some social group, (b) something that the older members of the group try to pass on to the younger members, and (c) something (as in the case of morals, laws and customs) that shapes behavior, or structures one's perception of the world.”

(Carroll 1982)

“Culture is the totality of equivalent and complementary learned meanings maintained by a human population, or by identifiable segments of a population, and transmitted from one generation to the next.”

(Rohner 1984)

From the above host of definitions, it can be observed that different perspectives have different definition focus, and of course, it will come up with different classification of definitions of culture. The most famous classification was done by Markin (1974), he categorizes the definitions into three groups. Each group reflects a differential cultural orientation and has its own representative definition.

Linton's definition (1945, p.32) is the representative definition of the first group. He defines culture as dynamic and transmissive. Its characteristics are shared by members of a given society. As noted by Linton (1954, p.32), "... [culture is] the configuration of learned behavior and results of behavior whose component elements are shared and transmitted by the members of a particular society."

The second group's representative definition was given by Ullman (1965). This type of definition emphasizes on the problem-solving and decision-making process. Culture is then defined as "a system of solutions to unlearned problems as well as learned problems and their solutions, all of which are acquired by members of a recognizable group and shared by them" (Ullman 1965, p.181).

The third group of definition explains that culture consists of values and it serves as the norms of behavior. One illustration of this definition is by Kroeber and Parsons (1958, p.583), they state that culture can be defined as transmitting and creating content, patterns of values, ideas and other symbolic-meaningful systems which will shape the human behavior.

In this study, we will adopt the third type of definition of culture. Thus, culture will be defined as the similar definition given by the Hofstede (1980a, p.21), “the collective programming of the mind which distinguishes the members of one human group from another. Culture, in this sense, includes systems of values; and values are among the building blocks of culture.”

As such, in this study, culture is explicitly referred to as the combination of values, ideas, attitudes, and other meaningful symbols that enable human beings to communicate, interpret, and evaluate as members of society. The functions of culture are: (1) to establish rules of conduct, (2) to set standards of performance, and (3) to establish ways of interpreting environmental inputs and interpersonal signals (Sin 1994, p.82-83). They are transmitted from one generation to the next generation. It is because the growing child acquires a set of values, perceptions, preferences, attitudes and behaviors through his or her family, friends and other key institutions, such as schools.

Thus, culture can be recognized as one of the influences on human behavior, and it can affect the human beings in many ways. From the buying and selling perspective, for example, the influence of culture will include how buyers process the information from sellers, how buyers interact with sellers, how buyers rank their preferences relating to different sellers and so on. Therefore, if the human behavior of a particular culture is going to be analyzed, such as bargaining behavior in this study, the particular cultural values that are shared by the people involved should not be neglected (i.e., Chinese cultural values in this study). Unless these values are

investigated, it is very difficult to comprehensively analyze the behavior in a particular culture.

Chinese Bargaining Behavior

Since culture is recognized as one of the influences on human behavior, people cannot ignore the way culture influencing the behavior of people. In the past, cross-cultural empirical research focused on the comparison between different behavioral patterns arising from different cultures on the same marketing issue or consumer behavior. Analyses were also done on the cultural differences in outcomes. For example, in the negotiation and bargaining arena, a growing body of research has emerged over the past two decades studying cross-cultural differences in negotiation style (DePauw 1981; Pye 1982 and 1986; Fisher 1980; Tung 1982a, 1982b and 1984). Most of these previous studies usually drew the comparison between two samples, one labeled with a particular cultural identity and one did not have (e.g., a Chinese and an American sample). Their interest was largely on discovering similarities and differences between cultures. They usually concluded that people of different cultures use remarkably different negotiation or bargaining approaches due to their differences in cultural values. The most popular cultures used for comparison were American, Japanese, and Chinese.

In addition, significant cross-cultural negotiation studies include the works of DePauw (1981), Pye (1982 and 1986), and Tung (1982a and 1982b). DePauw (1981) did a thorough investigation based on the experience of Control Data Corporation. Pye (1982 and 1986) synthesizes various observations and presents succinct recommendations. Tung (1982a and 1982b) assembles various related secondary

documents, reports a number of in-depth interviews, and summarizes the result of a survey of member firms of the National Council for US-China Trade in the States.

Even though previous negotiation and international negotiation studies contribute a lot of findings and information to the cross-cultural negotiations, the theoretical bases of these studies are mostly derived from Western theories (see Table 1.2).

Table 1.2
Negotiation Studies based on Western Theories

Theoretical Bases	Significant Studies
Game Theory:	<ul style="list-style-type: none">• Nash (1950 and 1953)• Crawford (1981, 1982 and 1985)
Conflict Theory:	<ul style="list-style-type: none">• Schelling (1960)• Boulding (1962)• Pruitt and Drews (1969)• Lamm and Kogan (1970)• Davis and Silk (1972)• Esser and Komorita (1975)
Organizational Theory:	<ul style="list-style-type: none">• Winham (1977)• Lax and Sebenius (1986)
Social Exchange Theory:	<ul style="list-style-type: none">• Pennington (1968)• Bonoma (1976)• Anglemar and Stern (1978)• Bagozzi (1978)• Graham (1980)

Table 1.2 (cont'd)

Negotiation Studies based on Western Theories

Theoretical Bases	Significant Studies
Psychological Theory:	<ul style="list-style-type: none">• Rubin and Brown (1975)• Druckman (1977)• Austin and Worchel (1979)• Pruitt (1981)• Stroebe, Kruglanski, Bar-Tal, and Hewstone (1988)
Cognitive Theory:	<ul style="list-style-type: none">• Fisher and Ury (1984)• Stein (1988)
Acculturation Theory:	<ul style="list-style-type: none">• Graham (1980)
Communication Theory:	<ul style="list-style-type: none">• Graham (1980)

It has been noted that virtually these theories are culture bound to a Western conceptualization of the world (Cote and Tansuhaj 1989). Since human mental conceptualization will affect people’s perception, attitude, understanding, and explanation of every matters and events, every culture should have its own conceptualization. In other words, different cultures should have different perception, attitude, understanding and explanation on the same matter or event. For instance, for the social structure, both western and Chinese have its own characteristics and patterns (see Table 1.3).

Table 1.3

Summary of Western and Chinese Social Structure

Western Social Structure: Individual Oriented	Chinese Social Structure: Social Oriented
<ul style="list-style-type: none"> • individual is the basic unit in society • emphasize individual freedom, power, and satisfaction • encourage individual benefit / reward • social fairness comes from the maximization of the majority individuals' benefit in the society 	<ul style="list-style-type: none"> • group is the basic unit in society • emphasize the social responsibility and duty of the individual • encourage and reward those giving up the individual benefit for the completion of group / social benefit • social fairness comes from rewarding those who follow the social rules, and punishing those who break the social orders

Source: Based on Yang, C.F. (1991), "The 'Self' of the Chinese: Theoretical Concepts and Research Directions", in C.F. Yang and H.J. Kao (eds.), Chinese People and Chinese Mind --- Treatises on Personality and Social Behavior, Taipei, Taiwan: Yuan-Liu Publishing Co., 94-145. (in Chinese)

Nevertheless, to a certain extent, researchers still attempt to use Western based theories and to colonize research topics and subjects of non-Western origin, when they are conducting researches relating to non-Western cultures (e.g., Hofstede 1987; Graham, Kim, Lin and Robinson 1988; Lee 1990). In addition, since the literature of the Western theories, to a large extent, has its roots in American culture, it tends to disregard fundamental cross-cultural variations, which would probably make the studies of the process and outcomes of bargaining different in other cultures. The result of using this western based theories or framework and the colonized research

approach is that the marketing strategies derived from these researches have, to a certain extent, proved to be ineffective in other cultures.

Many scholars have already discussed the above issue. For example, as early as 1970s, Triandis (1974) has already advocated researchers to conduct research in a particular cultural group so as not to miss out any variables which are particularly relevant to that culture. In addition, Engel (1985) confessed in an international conference that his model has not worked well. He perceives that models and perspectives developed in North America suffer from lack of cross-cultural validity. Any generalization from them can be a fatal trap. He also warns that direct transplantations of these models and perspectives onto other cultures without considering their relevance is extremely dangerous. Besides, Waldie (1980) has also warned international managers in Hong Kong to examine the cultural differences between Chinese and Western people while they are making management decisions. It is because people in different cultures have different world views, and individual choices are affected by very complex social influences and/or situations.

Additionally, Chinese culture is recognized as an unique culture in the world and its recorded history spans 4,000 years (Hookham 1969), but there are very few studies focusing on pure Chinese consumer behavior or marketing issue. All the existing western theory-based cross-cultural studies have made a predominant impact to the understanding of differences between cultures and nations, especially between Chinese and Westerners. However, these western marketing and consumer theories may not suffice to explain fully and thoroughly on the buying behavior only between

Chinese buyers and Chinese sellers. It is because each culture should have its own particular approach to study and analyze a particular behavior.

Specifically, the buyer and seller interaction is a kind of interpersonal interaction, it would therefore be reasonable to assume or believe that cultural values would affect buyer and seller bargaining. It is believed that how someone decides to act depends upon his or her perception of the partners and situation. For example, one buyer may perceive a salesperson to be honest and truthful, and can cooperate with him/her to have mutual benefit in the bargaining, while another buyer may not respond in the same way to that salesperson. Therefore, we can say that different people would have different ways to interact with others and have different perceptions on different people under different situations. It depends greatly on their own cultural values and life philosophy.

As such, there is an urgent need to return to the basic premises and to contextualize bargaining behavior. Contextualization is a process by which marketing strategies are designed to be culturally relevant and meaningful, taking into account of differences in consumer motivation and behavior (Yau and Ho 1987). Moreover, researchers should go back to the philosophical premises of life. In each culture, literature is rich on values that reflect the premises of life. Up to now, these values have only received little attention and consideration in consumer research, and might have been uncovered by researches done culturally. Therefore, examples focusing on Chinese consumers are still very limited. For examples Yau (1986) develops a scale to measure the Chinese cultural values basing on the framework of Kluckohn and

Strodtbeck (1961). Later, Yau, Chan and So (1987) conduct another study using this scale and find out that the Chinese cultural values of respect for authority has a positive and significant relationship with relatives or close friends acting as a source of authority in adopting infant milk powder. Recently, two Chinese consumer behavior studies were published (Yau 1988; Yau 1994). Both of them employed the Chinese cultural values to explain the Chinese consumer behavior. However, their focus is not on the inter-personal negotiation or bargaining.

By reviewing the previous studies, it could be understood that cultural values do have a great impact on consumer behavior. Nevertheless, unless these values are investigated, research will be difficult to explain why people of different cultures behave differently. In the area of negotiation or bargaining study, the most important thing should go beyond the level of understanding, it should also allow the decision maker to put the right man in the right time and under the right situation. In this study, by understanding the Chinese cultural values, the ultimate goal is to find out some ways to negotiate or bargain effectively and efficiently between the Chinese buyers and Chinese sellers.

As far as selecting the right man is concerned under Chinese cultural setting, much has been said on the usefulness of friendship in negotiation or bargaining. In many marketing and social psychology literature, the benefits brought forth by friendship are well documented: reciprocity, integrative attitude, win-win orientation, attractiveness, and coordinative behavior (Chan 1992). We can then claim that

friendship will be highly valuable and beneficial while we are negotiating or bargaining with Chinese. This will be explained in detail in the next chapter.

In fact, the job status of a bargaining partner (i.e. seller in this study) would also affect the perception, attitude, and behavior of the person whom is bargaining with Chinese too. Generally speaking, sellers with higher job status will receive higher level of credibility from the eyes of Chinese buyers, especially under the organizational buying situation. The same issue will be also discussed in detail in the chapter on literature review.

Apart from the effects of friendship and job status of the seller, another important element of bargaining between Chinese buyer and Chinese seller is the "buying situation" that the buyer faces or the buying motives that the buyer has. It may be explained by the fact that being situation oriented (Hsu 1963 and 1981) and socially oriented (Yang 1993a and 1993b), Chinese will be much concerned with others' feeling, have face-saving concept, be willing to maintain harmonious relationship with friends, be more conformed with the higher hierarchical status' person. The buying situation should have some impact on the processes and outcomes of the bargaining. Thus, in addition to friendship and job status, the issue of the buying situation will also be discussed in the following chapter of literature review.

With the issues discussed so far, i.e., friendship between bargainers, job status of the seller, and the buying situation faced by the buyer, all of these are believed to have effects on the processes and outcomes of the Chinese bargaining behavior. It is

also logical to think that the buying situation might have an interaction effect on friendship and job status. According to Yang's studies (1993a and 1993b) of social orientation of Chinese, it would be natural to speculate that Chinese will overtly treat their friends better and trust them considerably more than strangers. In addition, the buyer will perceive the seller who obtains lower job status to be more conformed to their superiors because of their high risk averse characteristic. Actually, this study will center around these several core issues: friendship, seller job status, buying situation, and their interaction. A more detailed description will be given in the next chapter on literature review.

To sum up, it is an observable fact that Chinese people can be found in every part of the world, and that China's vast market size and the open door policy provide many golden opportunities for Hong Kong people to further develop and sustain their companies' competitive advantage. While many western theory-based studies contributed a lot in the cross-cultural marketing negotiation, thorough studies on Chinese buyer and seller bargaining pattern are still very limited. This is the responsibility of academic researcher to understand and analyze the Chinese buyer and seller bargaining behavior. In fact, this study is worth pursuing for the benefit of both academic researchers and business practitioners. Success in bargaining should depend on many factors and issues, such as customer needs, product quality, competitors' competence and so on. However, the staffing and training provided for salesmen are the key factors too. With these sorts of finding and information, practitioners, such as sales managers, they can understand and be guided as to which kind or type of bargainers would be the most suitable and successful in Chinese buyer and seller

bargaining. They could also better think of more meaningful strategies when an understanding of the successful Chinese buyer and seller bargaining can be acquired. Otherwise, resources cannot be utilized in the most effective and efficient manner.

Indeed, this study attempts to take the initial step towards establishing indigenous and rigorous Chinese buyer research. It formulates a conceptual framework outlining the possible unique behavioral features of Chinese buyers based on the Chinese cultural characteristics. The ultimate goal of this study is to investigate the actual causal impacts and interactions of various key attributes of the bargainers (i.e., friendship, seller job status, and buying situation) under Chinese buyer and seller bargaining setting. It is hoped that this study can develop a framework to guide future researches and practices.

CHAPTER TWO

REVIEW OF LITERATURE

The purpose of this literature review is to provide a theoretical background to the framework of this study. A systematic search for the literature was done to review the studies which are relevant to and can be useful for the research problem of this study. Basing on this review of literature, the concrete hypotheses and measurements of this study would be generated appropriately in this study.

Definitions of Bargaining

The goal of this study is to investigate the bargaining behavior under the Chinese cultural setting. It is therefore desirable to first understand the definitions of bargaining. Some scholars attempt to make a distinction between negotiation and bargaining (Morley and Stephenson 1977). However, when we look at the dictionary definitions, the two terms are defined as almost equivalent in implications. Thus it is difficult to discern their differences:

to bargain: to negotiate over the terms of a purchase, agreement, or contract to establish an agreement between parties settling what each shall give and take or perform and receive in a transaction between them.

to negotiate: to deal or bargain with another or others to confer with another so as to arrive at the settlement of some matter.

Since the present study aims at covering both theory and practice, no particular semantic distinction would be adopted to allow a wider scope to be covered in this research. The study follows the approach of some scholars, like that Rubin and Brown (1975), in considering the two terms synonymous for the whole study.

As a matter of fact, whether the distinction between negotiation or bargaining exists or not, the issue has been studied by many scholars in different approaches and fields for many years. As early as 70s, Zartmann (1976, p.20-32) has already identified “Seven Schools” of negotiation when he reviews the studying approaches of negotiations. They are: (1) pure historical description, (2) contextual study of the contents, (3) structural, (4) strategic, (5) personality types, (6) behavioral skills, and (7) process (offer and counter offer). However, he points out that none of them is sufficient alone to fully explain what “the negotiation process” is.

Later, in his study, Ghauri (1983) derives from the relevant theories and fields of studies to revise the classification pattern of the negotiation or bargaining study into five different areas. They are: (1) game, bargaining, and conflict theories; (2) social

exchange theory; (3) international relations; (4) international business relations; and (5) industrial marketing. In addition, all of them are shown in Table 2.1.

Table 2.1

Ghuri's Classification of Bargaining Study

Areas	Examples of Previous Studies
1. Game, Bargaining, and Conflict Theories	Nash 1950 and 1953; Chamberlain 1951 and 1955; Pen 1952 and 1959; Rapoport 1960; Schelling 1960; Boulding 1962; Walton and Mckersie 1965; Cross 1966; Stahl 1967; Pruitt and Drews 1969; Lamm and Kogan 1970; Davis and Silk 1972; Esser and Komorita 1975
2. Social Exchange Theory	Evans 1963; Fouraker and Siegel 1963; Green, Gross and Robinson 1967; Pennington 1968; Mathews, Wilson and Monoky 1972; Graham 1980
3. International Relations	Sawyer and Guetzkow 1965; Kennedy 1965
4. International Business Relations	Kapoor 1970, 1974 and 1975; Smith and Wells 1975
5. Industrial Marketing	Webster 1965 and 1979; Håkansson and Östberg 1975; Mattsson 1975, 1976, 1979, and 1982; Gemünden 1981; Håkansson 1982; Hammarkvist, Håkansson and Mattsson 1982

Ghauri (1983) states in his study that in the context of game and bargaining theory, the significant works include the studies of Rapoport (1960), Cross (1966), and Stahl (1967). Ghauri (1983) points out, that under the context of bargaining theory, when parties have a conflict of interest and desire to resolve for their mutual benefits, they have to bargain. Bargaining is recognized as a process of social interaction, when each party tries to maximize its gains or minimize its losses. Even though the game and bargaining theory have been discussed by many scholars, there are certain correlations in their discussions, which can be summarized into a core set of assumptions: (1) the bargainers have some incentive to reach an agreement, with which they compare the cost and benefits of the absence of agreement; (2) the bargainers have perfect information on their own and other parties' situation and on the possible outcome of the bargaining process; (3) an increase in the benefits of one party leads to a decrease in the benefits of the other. However, the drawback of this group of bargaining theory is that the bargaining theory derived from game theory neglects some issues and phenomena, such as the bargaining process and environmental constraints, which are critical for bargaining. In addition, the assumption of perfect information is rather unrealistic (Ghauri 1983).

In the context of conflict theory, the most significant work was done by Schelling (1960). Generally speaking, the conflict theorists are interested in the conflict interaction. Schelling (1960) points out "the subject includes both explicit bargaining and the tacit kind in which adversaries watch and interpret each other's behavior, each aware that his own actions are being interpreted and anticipated, each being acting with a view to the expectations he creates." From this point of view,

bargaining situations are simply situations involving strategies interdependent of the participants, i.e., "situations in which the ability of one participant to gain his ends is dependent to an important degree on the choices or decisions that the other participant will make." In Schelling's view, therefore, any game of strategy which involves both conflicting and common interests is to be defined as a bargaining game.

A second approach to the study of negotiation or bargaining is from the social exchange process perspective which emphasizes the buyer-seller relationship and their interaction, regardless of whether the interaction is similar or whether the communication is verbal. The significant contributors include Evan (1963), Fourker and Siegel (1963), Green, Gross and Robinson (1967), Pennington (1968), Mathews, Wilson and Monoky (1972), Pruitt and Lewis (1975), Angelmar and Stern (1978), Gumperz (1978), Lewis and Fry (1977), and Graham (1980).

In the context of international relations, the most important work was done by Sawyer and Guetzkow (1965). They present an almost complete model or framework of negotiation in an international context which identify five categories of variables: (1) goals, (2) background factors, (3) conditions, (4) process, and (5) outcome. In addition, these five categories are presented according to their temporal flow: (1) antecedents (goals and background factors), (2) concurrent (process and conditions), and (3) consequent (outcome). In addition, a number of authors have accepted and worked on this model, e.g., Rubin and Brown (1975) and Druckman (1977). Nevertheless, this model has some shortcomings. The model lacks macroeconomic and institutional level variables or individual characteristics and behavior. Besides, the

antecedents of this model are assumed and fixed by the authors. In fact, some scholars have already pointed that some antecedent conditions, such as power relations, change during the process of negotiation. Also, although the model has a feedback loop from consequent to antecedent, the device is still rather subjective (Ghauri 1983).

A fourth approach to the study of negotiation or bargaining originates the international business relations perspective. In this notion of negotiation study, the most significant series of work was presented by Kapoor (1970, 1974 and 1975). His framework of negotiation is characterized by four Cs: (1) common interests (something to negotiate for), (2) conflicting interests (something to negotiate about), (3) compromise (give and take on points), and (4) criteria or objectives (determining the basis for its achievement). In addition, his framework comprises four groups of variables: (1) environment, (2) the four Cs, (3) perspective, and (4) negotiation process. The most important contribution of his work is to point out that the political, economic, social and cultural systems can constitute the environment of a country, and directly influence the negotiation approach adopted by a particular party (Ghauri 1983).

In the context of industrial marketing, the studies of Webster (1965 and 1979) and Hakansson and Ostberg (1975) should be noted. The studies of Webster (1975 and 1979) aim at promoting an understanding of the behaviors of the industrial buyers, discussing the effectiveness and examining the problems in industrial marketing. In addition, another significant work of Hakansson and Ostberg (1975) is to develop an

interaction model in explaining the non-static power dependence between vendors and purchasers in the industrial market.

Instead of classifying the negotiation or bargaining studies in the ways mentioned above, Dabholkar, Johnston and Cathey (1994) provide another two dimensions to categorize the negotiation behavior --- Gain Perspective and Time Perspective. By adopting these two dimensions, the negotiation behavior can be categorized into four major types: (1) competitive behavior, (2) coordinative behavior, (3) command behavior, and (4) cooperative behavior.

According to Frazier and Rody (1991) and Ganesan (1993), competitive bargaining behavior is a behavior that emphasizes win-lose encounters in which the bargainers tend to adopt coercive influence strategy and attempt to maximize a business's own gain or relative gain (McClintock 1977). Dabholkar, Johnston and Cathey (1994) also suggest that bargainers using this approach are unwilling to share information openly and only focus on the individual gain from a short-term perspective. The bargainers' ultimate objective is to maximize their own profits on a transactional basis, and are not concerned with the building of long-term relationships. Threats, promises, persuasive arguments, and positional commitments are the typical examples of behaviors adopted in competitive bargaining.

As for coordinative bargaining behavior, according to Frazier and Rody (1991) and Ganesan (1993), bargainers adopt strategy or problem solving strategy which lead to the creation of mutual beneficial outcomes between the parties involved. In addition, McClintock (1977) also points out that the core idea of this behavior is to maximize joint gain over personal gain from a long term perspective. Using this approach, bargainers engage in extensive information sharing. Thus, the coordinative bargaining approach is very flexible to resolve issues, engage in two-way communication, understand cultural differences, and display a willingness to explore alternative solutions (Dabholkar, Johnston and Cathey 1994).

According to Dabholkar, Johnston and Cathey (1994), command bargaining behavior is similar to competitive behavior in that it attempts to maximize individual gain but its focus is from a long-term perspective. It exists because one of the parties involved in the transaction has a dominant position of strength (i.e., bargaining power) in the negotiation process. For instance, the buyer dominates the bargaining process, price shopping and competitive bidding will occur as buyers attempt to achieve the lowest price. Whereas when the seller is dominant, sellers may form an alliance or cartel or offer a standardized product, the bargaining power of the buyer will then be weaker.

The fourth negotiation behavior, cooperative behavior, focuses on the joint gain from a short-term perspective. The bargainers behaving in this style will tend to adopt problem solving strategies and emphasize the joint gain with the flexibility to change (Dabholkar, Johnston and Cathey 1994).

As a result of the richness in discussion and studies, a host of definitions of negotiation or bargaining can be collected (see Table 2.2).

Table 2.2

Definitions of Negotiation or Bargaining

A bargain is defined in Webster's University Dictionary as "an agreement between parties settling what each shall give and receive in a transaction between them"; it is further specified that a bargain is "an agreement or compact viewed as advantageous or the reverse." When the term "agreement" is broadened to include tacit, informal agreements as well as explicit agreements, it is evident that bargains and the processes involved in arriving at bargains ("bargaining") are pervasive characteristics of social life.

(Deutsch and Krauss 1962)

Bargaining denotes the process of argument, persuasion, threat, proposal and counter-proposal by which the potential parties to a transaction discuss its terms and possibly reach agreement on them.

(Brown 1964)

Negotiation is a process in which explicit proposals are put forward ostensibly with the purpose of reaching agreement on exchange or one the realization of a common interest where conflicting interests are present.

(Ikle 1964)

Negotiation is the deliberate interaction of two or more complex social units which are attempting to define or redefine the terms of their interdependence.

(Walton and McKersie 1965)

A process through which two or more parties - be they individuals, groups or larger social units - interact in developing potential agreements to provide guidance and regulations of their future behavior.

(Sawyer and Guetzkow 1965)

Table 2.2 (cont'd)

Definitions of Negotiation or Bargaining

Bargaining is a process in which the representatives of two or more parties come together explicitly in search of an agreement on an issue about which they were divided.

(McGrath 1966)

Every desire that demands satisfaction - and every need to be met - is at least potentially an occasion for people to initiate the negotiating process. Whenever people exchange ideas with the intention of changing relationships, whenever they confer for agreement, they are negotiating.

(Nierenberg 1968)

Bargaining is defined as the process whereby two or more parties attempt to settle what each shall give and take, or perform and receive, in a transaction between them.

(Rubin and Brown 1975)

Negotiation is an art developed through study and practice. Effective negotiation requires an understanding of the social, cultural, political and economic systems as well as an expertise in technical financial accounting and legal analysis.

(Kapoor 1975)

Bargaining is a situation where (1) there are two or more parties with divergent interests, (2) the parties can communicate, (3) mutual compromise is possible, (4) provisional offers can be made, and (5) the provisional offers do not fix the tangible outcomes until an offer is accepted by all sides.

(Chertkoff and Esser 1976)

By "bargaining" is meant a process of communication between two or more parties aimed at resolving initial differences in preference.

(Pruitt and Lewis 1977)

It is the interaction between individuals or groups over some sales or purchase. Simply, at the microlevel of analysis, bargaining can be viewed as a set of personal and interpersonal dynamics which are required to communicate positions, make demands and concessions, respond to changing signals, and arrive at outcomes.

(Spector 1977)

Table 2.2 (cont'd)

Definitions of Negotiation or Bargaining

It is the process whereby parties with conflicting aims establish on what terms they will cooperate.

(Morley and Stephenson 1977)

Negotiation is a method of social decision-making. It differs from forms of decision-making that involve choices against the environment; it consists of choices against another person or party and is accomplished by persuasion and haggling.

(Druckman 1977)

Bargaining is a kind of game that can be defined as an interaction process "that occurs when two or more persons attempt to agree on a mutually acceptable outcome in a situation where their orders of preference for possible outcomes are negatively correlated." The bargaining process consists of converging decisions that are construed as concession exchanges.

(Hammer and Yukl 1977)

Negotiation is a process by which a joint decision is made by two or more parties. The parties first verbalize contradictory demands and then move toward agreement by a process of concession making or search for new alternatives.

(Pruitt 1981)

When two or more individuals, groups, or organizations experience a conflict of interest, and when they wish to resolve their difference because it would be mutually beneficial to do so, they decide to bargain.

(Bacharach and Lawler 1981)

Bargaining is an ubiquitous phenomenon. At some point virtually every individual is faced with the need to bargain with others in an attempt to reconcile conflict and obtain some favored outcome.

(Clopton 1982)

Table 2.2 (cont'd)

Definitions of Negotiation or Bargaining

There are two negotiations, each monolithic; they are engaged in a one-time bargaining situation with no anticipated repetitions with each other; they come to the bargaining table with no former "favors" they have to repay, and this bargain is not linked with others that they are worrying about; there is a single issue (money) under contention; they can break off negotiations and not arrive at an agreement; neither party must get a proposed contract ratified by others; breaking off negotiations is their only threat; there is no formal time constraint (such as a strike deadline); agreements made are legally binding; negotiations are private; and each expects the other to be "appropriately honorable". Finally, the parties do not use the services of an intervener.

(Raiffa 1982)

When two or more parties within one or in different organizations jointly make decisions and do not have the same preferences, they are negotiating.

(Bazerman and Lewicki 1983)

Negotiation is a process in which two or more parties exchange goods or services and attempt to agree upon the exchange rate for them.

(Wall 1985)

A negotiation situation is one in which two or more parties have to make a decision about their interdependent goals or objectives; in which the parties are committed to peaceful means for resolving their dispute; and in which there is no clear or established method or procedure for making the decision.

(Lewicki and Litterer 1985)

Whenever people exchange ideas with the intention of changing relationships, whenever they confer for agreement, they are negotiation.

(Nierenberg 1986)

Negotiation occurs when a buyer and a seller bargain over a set of issues. It involves the application of logic and rational argument to induce the other party to work towards an agreement. The purpose of bargaining is to try to structure all of the issues into an overall agreement so that both sides leave the table with a deal they can live with.

(Holmes and Galser 1991)

After reviewing a host of definitions, it is an observable fact that negotiation or bargaining can be described as an ubiquitous phenomenon. No matter what kind of role we assume, be it husband, wife, consumer, employer or employee, we are often engaged in some form of bargaining. Generally speaking, no one can bargain alone and bargaining is recognized as a dynamic and on-going process. Bargaining is the deliberate interaction of two or more parties which attempts to reach an agreement on exchange between the parties involved. Besides, the bargaining parties can attempt freely to either maximize their individual gain or joint gain from a short or long term perspective.

In this study, the focus adopts a social psychological perspective to analyze bargaining behavior. In particular, the term bargaining refers to the interaction between a buyer and a seller over some sales or purchase in this study. Indeed, every consumer and industrial purchase cannot be accomplished without going through the bargaining process over some issues, such as price, credit, quality, materials, and service.

Buyer-Seller-Situation Dyadic Interaction Process

Bargaining is defined as the interaction between the buyer and the seller. It is a dynamic and on-going process. Although technological advances have made bargaining more effective and efficient, there are no single fixed or established effective and efficient optimal solution for the buyer and seller bargaining interaction under the dynamic environment. The bargaining outcome is assumed to depend on how the bargaining parties interact and where they interact. Different people involving in different situations should have different forms of interactions and perceptions on bargaining partners, adopt different bargaining styles and generate different outcomes.

A review of the buyer and seller interaction literature suggests that at least three approaches are used now. One approach has sought to identify the characteristics of seller which affect the buyer perception on them and subsequently influence the buyer's decision making through the persuasion power (e.g., sex, age, professional background, and so on). A second stream of work has been studied with the identification of individual differences of the buyers that influence the decision making process (e.g., naives, experts and so on). The third approach is "situation influence", which attempts to illustrate the effect of situation on buyer decision making.

In addition, previously empirical research has focused on uncovering sales behavior or behavioral predispositions (personality traits) that are effective only over a range of selling situations (Weitz, Suja and Suja 1986). However, the equivocal and

even contradictory nature of the research findings suggest that there are no universally effective selling behaviors (see Weitz 1979, for a review).

Weitz (1981) summarizes 18 studies and indicates that the relationship between capabilities and performance of the sales force, like the relationship between performance and behavioral predispositions, is quite inconsistent, and even contradictory in some cases. In accounting for these inconsistencies, some may be due to variations in methodology across studies. However, several studies have used the same methodology across different sales forces and reported inconsistent results (Dunnette and Kirchner 1960; Howells 1968; Mattheiss et al. 1977; Scheibelhut and Albaum 1973). Even variables that can be assessed with high accuracy and reliability, such as age, education, and sales experience, are still reported to be related to performance in some studies and unrelated in others.

Therefore, the disappointing results from prior research on sales behaviors, behavioral predispositions, and general seller capabilities have led to a growing interest in dyadic research approaches. While there are a wide variety of studies associated with the dyadic approach, the unifying theme of these studies is that both the characteristics of the buyers as well as those of the sellers are considered. This approach is consistent with the contingency approach, because it suggests that effectiveness in the buyer and seller interactions should be moderated by or dependent upon characteristics of both the buyer and the seller.

In addition, not only to understand the characteristics of both the buyer and the seller in the bargaining process, but also the buying situation should be taken into consideration to test its impact on the buyer and seller interactions. The impact and managerial significance of examining the interaction between sales behaviors and sales environment is not a novel idea. Thompson (1973) states that “every contact a salesman has involves different human problems or situations. In brief, there is no one sales situation and no one way to sell.” For example, when asking a buyer to rate preferences for brands of a product, it would be perfectly reasonable for the buyer to say, “it depends on how, when, where, and why I’m going to use it.” A buyer may prefer one brand of paper towels for heavy-duty cleaning and another for wiping; one brand of coffee for his own consumption and another to serve guests; and one make of automobile for long business trips and another for local shopping trips. This concept can also be applicable in choosing a product from different sellers instead of different brands.

Therefore, the buying situation should have a direct impact on buyers’ perception of brands or sellers, preferences for brands or sellers, buying and bargaining behavior. Thus, effective and efficient sellers should use a contingency approach in which they select their selling approach to match the specific situations they encounter (Weitz 1981).

In other words, the outcome of interaction between buyer and seller will vary from situation to situation, even though the same buyer is dealing with the same seller having the same interpersonal relationship and holding the same position. It is

therefore difficult for researchers and marketers, under this condition, to design unique personal selling tactics and strategies in the marketing communication mix to increase the bargaining effectiveness and efficiency.

This study's focus is on a dyadic buyer-seller interaction process and is built around the notion that three types of variables affect the ultimate consumer purchase decision: (1) seller's characteristics, (2) buyer's individual differences and (3) the interaction between sellers' characteristics, buyer's individual differences and the situation that both buyer and seller involved. The underlying premise of this interaction process is that buyer behavior occurring under one set of variables types and level (e.g., seller's characteristics) is not independent of the type and level of other variables (e.g., buyer individual differences and the situations they are involved). Buying behavior is posited to be a function of seller's characteristics, buyer individual differences, and the situations both the buyer and seller are involved at the same time. The absence of any one of the component results is an incomplete explanation of behavior. Therefore, it is believed that the dyadic approach appears to be the promising research perspective for an increased understanding of the buyer and seller relationship (Engel, Kollat and Blackwell 1973). The main strength lies in its recognition of a sale as a product of the dyadic interaction between a salesman (seller) and a customer (buyer), rather than a result of the qualities of either party alone (Evans 1963).

Therefore, researchers should need a scheme to classify purchase situations and motivations in order to determine how the factors to be studied will vary in different situations. In addition, marketers should also need to understand the buying situation that both buyer and seller involved if they want to market their products successfully. For practitioners, they are also interested in the various types of purchasing categories because different situations would require different marketing efforts. Once a workable typology has been developed, both practitioners and researchers can proceed to determine who will participate under what circumstances and what types of personal characteristic influence they may have to make the selling more effective and efficient.

Consumption Buying Vs Organization Buying

The previous part of this literature review reveals that there is no fixed or established optimal way for the buyer and seller bargaining interaction. Effective and efficient sellers should use a contingency approach in which they select their selling approach to match the specific situations they encounter (Weitz 1981). Thus, the buyer and the seller will increase the chances to interact successfully, if the seller's presentation fits into the buying situation or motives of the potential buyer. It is because the buyers would have different needs, wants and concerns when they are involved in different buying situations. The buyers would also form different evaluation and selection of products and services under different buying situations, even when they are facing the same salesperson with the same selling strategies and presentation. Therefore, the effectiveness in sales interactions is related to the salesperson's ability to develop accurate impressions of customer beliefs about product performance, the salesperson's ability to use these impression in selecting influence strategies (Weitz 1978), and the salesperson's ability to detect the impact of influence strategies and to make adaptations (Grikscheit and Crissey 1973).

In addition, the most common classification of the buying situation is: (1) consumption buying (i.e., household buying), and (2) organization buying which is categorized by the buying motives and purposes of the buyers. Consumption buying is the buying for personal use, whereas organizational buying is the buying for organizational use.

According to Ward and Webster (1991), if one judges by the length of time an area has attracted research attention, the study of organizational buying behavior can be considered to be relatively mature. As early in the 30's, studies on this area were already developed which portrayed a "rational buyer" characteristic of industrial purchasing (Copeland 1924).

Since organizational buying is the buying for organizational use, the organizational buying behavior tends to reflect the goals and purposes of the organization as a whole. As such, the goal of organizational buying theory is to explain the factors which jointly influence the buying process. Webster and Wind (1972) and Sheth (1973) have already pointed out that some of these factors are individual in nature, while other factors are organizational in nature. Individual buyers conceptualize the task and situation, process the information, and make the decisions by themselves only. In the eyes of organizational buyers, organizations are recognized to harness the thoughts and behaviors of buyers (their employees), direct them to achieve organizational objectives.

The most distinctive aspect of buyer behavior between consumer markets and industrial markets is that the customer is an organization under the organizational buying situation. Organization is made up of groups of people who are working together. These people frequently have different backgrounds, personalities, and motivations and rely on a variety of approaches to solve problems.

This means that more than one individual and often many individuals are involved in the purchasing decision process under organizational buying situation. As Wind (1976) points out, purchasing managers rarely make a buying decision independent of the influence of others in the organization. By contrast, a consumer's decision to buy a product, such as a personal computer, frequently involves only one person.

In addition, the major difference in decision making process between group buying (i.e., organizational buying) and individual buying (i.e., consumption buying) is that group buying decision is restricted by the rules and procedures of the organization, and within such constraints, group develop standards of behavior which members generally respect. Each member of the organization can bring to the decision process different expectations and goals, as well as a unique interpretation of available information about internal and external environmental changes. Such differences result in conflict among the decision participants and prolong the discussion time for a purchase decision making.

Therefore, according to Moriarty (1983), an organization purchasing decision should satisfy the differing needs and objectives of a variety of participants from different functions, departments, and organization levels. For example, an organizational buying decision may include: (1) decision participants from different functional areas (production, finance, data processing, purchasing); or/and (2) decision participants from different organizational levels (top management, middle management, first-line supervisors, end users); or/and (3) decision participants with very different

personal backgrounds (age, education, experience) and psychological characteristics (risk orientation, self-confidence). This is very different from individual consumption buying which is only needed to satisfy the buyer himself/herself only.

Moreover, the personal and organizational risks of an organizational buying decision maker generally are much greater than those faced by an individual consumption buying decision maker. Under the organizational buying situation, a component that doesn't fit, a late shipment of raw materials, or production equipment containing malfunctions can result in significant financial losses and affect the company as a whole. In addition, the careers of those people who made the purchase decision can also be affected adversely.

In this study, the buying situations are categorized into two groups by the buying motives and purposes of the buyers. They are: (1) consumption buying (i.e., household buying) and (2) organizational buying. Each group's customer (i.e., buyer) should have their own needs, wants, concerns and buying behavior under different situations, the seller should understand their differences in order to develop his/her presentation or bargaining strategies in a more effectively and efficient way. Especially, at a time when many competing products and services are quite similar, and when prices are more or less the same, only the sales team with effective and efficient selling tactics and strategies would have the opportunity to achieve distinguished success among its numerous mediocre counterparts.

The Chinese Cultural Values

Culture has appeared as a determinant of buyer behavior (Engel, Kollat and Blackwell 1973). As Duesenberry (1949) points out, all of the activities in which people engage are culturally determined. Thus the bargaining outcome, which is generated by the interaction between the buyer, the seller and the buying situation, is supposed to be culture-bound. In other words, the interaction patterns should also be different among different cultures. Since the core focus of this study is to analyze the Chinese bargaining behavior, it is desirable to understand the Chinese cultural values and their impacts on the bargaining behavior.

Generally speaking, what is valued by the people of one country may not be valued by the people of another country (Hofstede 1980a). According to Kindel (1983) and Hsu (1970), Chinese values allow Chinese to form a clear and consistent system throughout generations. Among the various Chinese cultural values, Li (1989) explicitly states that Confucianism is the root of the psychological structure, personal characters, way of thinking and habit of Chinese.

Nevertheless, it is inevitable that the content and weighting of these values should be changed in some developed Chinese societies, such as Hong Kong, Singapore, and Taiwan. To a large extent, this may be due to the growing level of modernization through the process of rapid social and economic change. Some

scholars have already provided some evidence. For example, Yang (1972) studies the changes in the hierarchy of the value system of college students in Taiwan by the replication of Morris's study (1956). In his study (Yang 1972), all the respondents were asked to rank the 13 values with respect to two criteria: (1) that the values were traditional and (2) the values were preferred. The results of this study reveal that, among these 13 Chinese cultural values, some of them are still exist in the beliefs of the subjects, i.e., (1) "To preserve the best that man has attained", (2) "To be sympathetic to others", and (3) "To have self-control". However, some other of these values, though still regarded by the subjects as traditional Chinese values, are not preferred by most subjects. They include: (1) "To have a contemplative life" and (2) "To be in harmony with the universe".

However, Yau (1993) has provided two notes to this study of Yang (1972). First of all, the average ranking of the value "To be in harmony with the universe" by the Taiwan Chinese college students is still higher than their counterparts in other countries. Secondly, based on the study of Shively and Shively (1972), Yau (1993) regards both studies of Morris (1956) and Yang (1972) have not represented the typical Chinese cultural value system. The major reason is that college students and professional people are considered deviant (Shively and Shively 1972). Thus, from this point of view, it is not unreasonable to believe that the core Chinese cultural values, to a certain extent, are still held by the ordinary modern Chinese.

Another significant work showing the gradual change of Chinese cultural values was done by Lin (1966). Based on the methodology developed by Kluckhohn and Strodtbeck (1961), Lin (1966) conducted a study on the value orientations of school pupils and their parents in Hong Kong. The conclusion is that the younger generation in Hong Kong, in the orientations of time, man-nature and relational, adopt considerably different view, when compared to their parents.

Similar to Yang's (1972) study, Yau (1993, p.67) also makes some comments on this study,

"It would be a mistake, however, to conclude that these findings indicate that the traditional Chinese value orientations in Hong Kong will be completely eradicated in the transition to modernization. First, mastery of traditional Chinese learning is regarded as an important prerequisite for achieving status among intellectuals in Chinese society (Lin 1966). Second, strong vestiges of the Chinese heritage are rooted in the family and kinship relations, and not in the educational institutions (Hsu 1947, 1963, 1972). La Barre (1946, p.375) has also clearly indicated that the Chinese family is one root of Chinese ethnocentrism, most or all of the emotional and cultural values of the individual person are derived from those of his family exclusively, and conditioned largely within the solidarity of one family setting only."

Therefore, even though modernization has an impact on the traditional Chinese cultural values, we do believe that Chinese people of nowadays still cling themselves to some of the core traditional Chinese values. As Hofstede (1983) reports that all the three Chinese samples (Hong Kong, Singapore and Taiwan) occupied similar positions on both collective and power distance dimensions, i.e., they all are highly collective

and moderately high in power distance. These all match with the traditional Chinese cultural values.

In addition, Bond and King's study (1985) conclude that "essentials of Chinese are maintained [among the Hong Kong Chinese at that time]At the grass roots level, there is no evidence for a sense of loss or cultural disintegration among the Hong Kong Chinese. The Lion and the Dragon are balanced atop the crest of the Colony." (Bond and King 1985, p.363)

This is also consistent with the findings in late 80s from the Chinese Culture Connection (1987). The Chinese Culture Connection develops an instrument in the study (1987), called the Chinese Value Survey (CVS). In the study of 22 countries, the Chinese Culture Connection identified four factors within the CVS instrument. These factors have been identified as: (1) Integration (CVS-I), which focuses on social stability; (2) Confucian Work Dynamism (CVS-II), which reflects the teachings of Confucius; (3) Human Heartedness (CVS-III), which deals with compassion; and (4) Moral Discipline (CVS-IV), focusing on self-control. The results of this study show that Hong Kong got the highest factor loadings in the factor of Confucian Work Dynamism.

Previously, many Western scholars have already developed relevant models and terminology to discuss the Chinese cultural values. The most famous one is

Kluckhohn and Strodtbeck's study (1961). They have described the uniqueness of Chinese Culture by classifying Chinese cultural values and encompassing Chinese attitudes to tradition and Confucian norms, into five categories: man-nature orientation, man-himself orientation, relation orientation, past-time orientation and personal activity orientation. The development of man-nature orientation was greatly influenced by Taoism: man is perceived to be in one with nature. Events and relationships are believed to be predetermined. Man-himself orientation reflects the traditional upbringing of Chinese to understand and follow their legitimate roles. The relational orientation underlies the Chinese tradition of collectivism (Le Claire 1990). Past-time orientation reflects the great respect Chinese have for their past. Strong family traditions and ancestor worship are examples of this fact. The activity orientation value suggests that Chinese should avoid extreme forms of behavior and, traditionally, this value has led Chinese to a high degree of moral self-control. This belief is contained within the Doctrine of Mean.

Nevertheless, it is true that the sole adopting of Western developed constructs and measures may result in biased results, because the instrument questions are a product of a single culture (Hofstede and Bond 1984). Therefore, it has been realized that it is insufficient to use the Western developed models and terminology, such as individualism-collectivism (e.g., Hofstede 1980a), to fully and thoroughly discuss and explain Chinese culture. In most cases, the problems lie in the insufficiency of using a single Western terminology to cover a more complex Chinese phenomenon. For example, Abbott (1970) argues "..... However, taking action within the context of a

group rather than as an individual should not be confused with dependency and choosing indirect action rather than direct action should not be mistaken for passivity.”

Therefore, before drilling into the study of Chinese bargaining behavior, the most important task for researchers is to view Chinese social behavior from the Chinese cultural perspective. In this study, the social orientation model of Yang (1993b) is adopted to describe the Chinese culture. The following is a description of each of Chinese cultural values according to Yang's classification.

Yang's Chinese Social Orientation Concept

Previously, many scholars have already conducted some Chinese social behavioral studies from the Chinese cultural perspective. Significant works were done by Yang (1972, 1981a, 1981b, 1985a, 1985b, 1986, 1988, 1993), Fei (1948), Ho (1974 and 1976), Hsu (1981), Hu (1944), Hwang (1987), King (1981), Li (1972), Lin (1935), Chu and Yang (1976), Li and Yang (1972), Hwang and Yang (1972). Although these studies originated from different research disciplines, i.e., anthropology, psychology, sociology and so on, as stated by Yang (1986, p.148-149), the characteristics of Chinese personality are “social harmoniousness, group-mindedness, mutual dependency, interpersonal equilibrium, relationship-centredness, authoritarian syndrome, external-control belief, heterocentric orientation, self-suppression, social introversion, practical realism, and holistic eclecticism. These characteristics portray the Chinese as a highly social, practical, and eclectic people with a strong collectivistic orientation.”

It is believed that the Chinese national character can be conceptually concluded by Yang as socially oriented (Yang 1981a, 1981b, 1982b, 1993a and 1993b). As Yang (1993b, p.93) states in his study, the operation of people's life sphere in the traditional Chinese society (including Taiwan, Hong Kong and Mainland) is mainly dominated by the social orientation.

This concept of social orientation of Chinese is explicitly pointed out by Yang in the 1970s. He defined it as "a predisposition toward such behavior patterns as social conformity, nonoffensive strategy, submission to social expectations, and worry about external opinions in an attempt to achieve one or more of the purposes of reward attainment, harmony maintenance, impression management, face protection, social acceptance, and avoidance of punishment, embarrassment, conflict, rejection, ridicule, and retaliation in a social situation. Basically, it represents a tendency for a person to act in accordance with external expectations or social norms, rather than internal wishes or personal integrity, so that he would be able to protect his social self and function as an integral part of the social network" (Yang 1981).

Later, Yang (1993a and 1993b) conducted his studies by adopting Angyal's organismic theory (1941 and 1951) to explicitly explain the basic model of Chinese psychosocial functioning. According to Angyal (1941 and 1951), every life sphere of people contains two parts, i.e., organism (person) and his/her related environment. Organism is the main body of each life sphere and occupies the central position. Both parts (organism and environment) are highly interdependent under the mechanism of either open system or semi-open system. This means that they are interacting

dynamically with each other. Every matter in one part will automatically affect the other part and finally affect the whole of the life sphere. Within each life sphere, there are also two motivating trends. One is the autonomous trend and the other is the homonomous trend. People belonging to the autonomous trend will try to assimilate and master their environment. Whereas people within the domain of homonomous trend will try to match and follow the environmental force. Yang (1993a and 1993b), by using these two dimensions of trend, classifies the life sphere of people into four patterns (Table 2.3):

Table 2.3

Yang’s Combinations of Autonomous and Homonomous Trends

		<u>Autonomous Trend</u>	
		High	Low
<u>Homonomous Trend</u>	High	1. Strong Conflict Pattern	3. Social Orientation
	Low	2. Individual Orientation	4. Weak Conflict Pattern

In two studies (Yang 1993a and 1993b), the three Chinese samples (i.e., Taiwan Chinese, Hong Kong Chinese and Mainland Chinese) are categorized into the quadrant of high level of homonomous trend and low level of autonomous trend (i.e., the third quadrant), he then concludes that the psychosocial functioning of traditional Chinese societies is socially oriented.

At the early developing stage of social orientation concept, Yang (1981a and 1982a) defines that the social orientation of Chinese contains only two components, i.e., group orientation (family orientation) and other orientation. However, in his most recent study (Yang 1993a and 1993b), he states that the social orientation actually consists of four modalities, i.e., family orientation, relationship orientation, authority orientation, and other orientation. But before discussing these four interrelated modalities, it is necessary to explore why Chinese are social oriented.

From both perspectives of cultural ecology and ecological psychology, Yang (1981b and 1986) explains that the interaction of special ecological-environmental factors and morphological, physical, and behavioral traits of the traditional Chinese were responsible for the development of the agricultural subsistence economy and the agricultural social structure of traditional Chinese society. These economic and social structural characteristics are, combined with specific Chinese socialization practices, so as to form the social-oriented personality of traditional Chinese. In other words, these economic and social-structural characteristics are also the deterministic factors in formulating social orientation as a basic dynamic pattern of Chinese social interaction. Together with the studies of other scholars (Wang 1988; Lee 1982; Hsu 1988; Lui 1984), it is believed that the traditional Chinese agricultural society has four economic and social characteristics contributing largely to the development of social orientation of Chinese, namely, (1) refined labor-intensive farming on small plots of land with only limited economic returns, (2) family property being owned by all family members in name, but actually being controlled by the family head (the patriarch), (3) patrilineal descent with the father-son chain as dominant axis, and (4) rigid hierarchical social

structures inside and outside the family. Yang (1993b) explicitly explains what they are.

Refined Labor-Intensive Farming:

Historically, Chinese adopt refined labor-intensive farming approach and the family is recognized as the fundamental unit of the Chinese society in the development of farming. Since the growing process of the agricultural product is very time-consuming and involves a lot of man power, thus the adoption of the refined labor-intensive approach allows Chinese farmers to produce the farming products effectively and efficiently within their own groups on such small plots of lands. In order to maintain this farming approach, the interpersonal relationship among each family members inside the family should be clear and stabilized by formalizing their relations.

Since land and resources are limited, Chinese people are allocated resources and assets in different manners in accordance with the Chinese tradition of setting priorities on the basis of relationship distance and hierarchical position. Conflict would naturally arise as a result. Therefore, inside the family, the family head (the patriarch) should have absolute authority and power to resolve the conflict, implement the action and control all the relevant activities. All these would help to develop the orientation of familistic, relational, and authoritarian of Chinese family or community patterns.

Commonly Owned Family Property:

Even though they might receive different treatments in resources allocations according to their relationship with the resource allocator and their hierarchical position, nevertheless, all the property are still commonly owned by the family and its individual members inside the traditional Chinese family patterns. This commonly owned property philosophy fosters the familistic orientation of Chinese. It is because property commonly owned can help to maintain the family unitization, encourage the family members to cultivate a strong sense of belonging, safety and being as one single unit. Also, property commonly owned can allow the family members to seek and maintain the harmony among themselves. Without the presence of a strong sense of harmony, the family members cannot cooperate together to develop their family business under the refined labor-intensive approach and their common property will absolutely be reduced.

Since almost every property is commonly owned, every decision then should be made by the whole group of people or the whole family. It is logical that under this harmony oriented society, members are likely to be afraid of standing out to present their opposite view points, which will definitely affect the harmonious atmosphere within the group and harm the relationship with the other family members. They will normally obey the group decision or others' instruction which is usually made by the family head (the patriarch). Members under this culture are, therefore, highly collective and cannot be allowed to exhibit their independent and self-monitoring

characters. Therefore, this commonly owned property practice, other than familistic orientation, can also help to develop the other oriented characteristics of Chinese.

Patrilineal Descent with the Father-Son Chain:

Patrilineal descent with the father-son chain is recognized as the dominant axis within the Chinese family relationship (Yang 1993a and 1993b). It can be observed that, under the traditional Chinese family, the family head will transfer his authority to the eldest son and share all the assets and resources with every son (Lin 1988). Yang (1993b) explicitly explains that this patrilineal descent with the father-son chain concept has an impact on all the four modalities of Chinese social orientation. First of all, in order to maintain the father-son chain, Chinese place very high emphasis on the continual family unitization. This fosters the familistic orientation of Chinese. Secondly, since the family head needs to transfer the authority and assets (i.e., property) to the next generation, he will emphasize on the difference between the blood-related, ingroup and outgroup relationship. This will formalize the interpersonal relationship. Thirdly, since the family head has the greatest authority and power within the family, the family members will then definitely form a concept of authority sensitization, authority worship and authority dependence from the very beginning of their life. All these will generate the authoritarian orientation. Fourthly, in order to avoid the criticism from others and build and maintain their image and reputation in front of other people, the family members will try their best to follow the social rules and regulations.

Rigid Hierarchical Social Structures:

Many scholars comment that the concept of the traditional Chinese society lies not only within the family, but also beyond the family. Every person should have their own roles and position which are set within the rigid hierarchical structures (Wen 1972; Yang 1981b). Since each individual member has a clear and stable hierarchical position in the family, it becomes easy to consolidate the familistic orientation of Chinese. In addition, since each hierarchical position embodies rigid patterns of heritage power and authority, this will also foster the authoritarian orientation of Chinese.

After reviewing the impact of each of the four traditional Chinese social and economic factors on the four modalities of Chinese social orientation, the following attempts to discuss briefly the four modalities of Chinese social orientation according to Yang (1993a and 1993b), i.e., (1) familistic orientation, (2) relationship orientation, (3) authoritarian orientation, and (4) other orientation.

Familistic Orientation:

As stated before, since traditional Chinese adopt the refined labor-intensive farming system, the property are commonly owned by all family members. The father-son chain is the dominant axis with rigid hierarchical social structures. It is also believed that the sole center for Chinese economic and social activities which dominates the life of each member is "family". It is not unreasonable to agree that

Chinese should have specially strong in-built familism concept, which stresses the undeniable predominance of a family over its members in almost all domains of life (Cheng 1944; Hsieh 1982; Lee 1982; Lei 1984; Li 1985; Yang 1988; Yang 1972; Yang 1985a; Yeh 1990).

This is not a new idea, as many scholars have discussed this concept under the discussion of collectivism. The term collectivism refers to “a cluster of attitudes, beliefs, and behaviors toward a wide variety of people” (Hui and Triandis 1986, p.240). It is believed that collectivistic cultures draw upon the “we” identity as the prime focus. Overall, collectivistic cultures value group goals over individual goals, group concerns over individual concerns, and collective needs over individual needs.

One of the significant contributors in this area, Triandis (1988), has explicitly explained the values of collectivistic cultures as follows:

There is the assumption that maintaining a strong group is the best guarantee of individual freedom, there is a strong emphasis on doing what the ingroup specifies shame and loss of face are mechanisms of social control, there is sometimes the tyranny of the group, interpersonal relations are an end in themselves, there are narrow ingroups, there is the concept of limited good, there are some people under external control of motivation, people tend to think that planning is a waste of time, goals tend to be group rather than individual goals, who does something is more important than what she/he does. (p.66)

This matches very well with the view point of Yang. In his study (Yang 1993b, p26), he states that “familism causes Chinese to subordinate their personal goals, interests, and welfare for the sake of their family’s goals, interests, and welfare, to the

extent that the family is primary and its members secondary, the existence, solidarity, glory, and future of the family are much more important than the existence, autonomy, glory, and future of individual members. Under these conditions, an individual cannot but surrender or fit himself or herself into the family in order to form a harmonious union. By merging into a family, the member loses his or her individuality and idiosyncrasies as an independent individual.”

In addition, with the support of some empirical studies, Chinese are still recognized as a rather collective culture now. For instance, in Hofstede's study (1980a), all three Chinese samples, i.e., Hong Kong, Taiwan and Singapore, are categorized as a collectivistic culture because of their low individualism score. In addition, results from three emic-derived international studies (Chinese Culture Connection 1987; Bond and Pang 1989; Wheeler, Reis and Bond 1989), with final data sets collected in 23 countries, indicated that Chinese culture (with data collected in China, Hong Kong and Taiwan) consistently anchors highly on collectivism.

Moreover, Schwartz (1990) models on the previous scholars and engages himself in further studies concerning the collectivism of Chinese, and finds out that Chinese familism is a type of ingroup collectivism, rather than a universal collectivism. It is believed that this ingroup collectivism does not only apply to family, it is also generalized to organizations outside the family, such as school, poetry club, firm, guild, village, and so on (Yang 1993a). Thus Yang (1981 and 1985a) terms it as “familization” or “pan-familization”. Lin's study (1988) also supports the idea that the

family can serve as a structural and functional model for almost all non-familial organizations.

It should be noted that a number of studies have analyzed the effect of collectivism on negotiation strategies and the processes of different cultures. For instance, Goldenberg (1988) discovers that American negotiators tend to be authoritative, autocratic and are often in a hurry to make a deal, whereas Chinese negotiators dislike taking the initiative and normally pay more attention to maintaining a harmonious relationship.

In addition, in Ting-Toomey's study (1988), she states that the cultural variability dimension of individualism-collectivism will influence the negotiating parties' selection of conflict resolution style. She also points out that collective societies tend to avoid potential conflicts, especially open conflict, and tend to smooth out issues because the collective orientation emphasizes harmonious relationship and minimization of disruption.

Relationship Orientation:

It is believed that the orientation of relationship has attracted attention from both Chinese and Western scholars (e.g. Chiao 1982; Fei 1948; Ho, Chen, and Chao 1991; Hsu 1971a; Hwang 1987; King 1981; Liang 1963; Solomon 1971; Yang 1986).

With regard to this orientation, Yang (1993a and 1993b) discusses it in five ways. He explains that Chinese tend to formalize the relationship, adopt an interdependent relationship, maintain a harmonious relationship, fatalize the relationship and regard the relationship as determined. Therefore, since the interpersonal relations are formalized and each interpersonal relationship has its specific dyadic role, the Chinese people can define the social status of themselves or others according to their own social roles. This enables Chinese to occupy proper social positions or status in their social lives, and consequently, interpersonal harmony could be effectively maintained (Yang 1993a). The basic assumption is that the different role-players within this society should act and say what he or she is supposed to act and say, but not to act or say beyond their specially assigned role expectations. It is believed that, in order to maintain the harmony and perform as a good actor, he or she usually needs to hide his or her emotions or affections for others and exercises careful control over his or her free will in some situations. As Wright (1962) states that harmony would be realized if each member of the unit conscientiously follows the requirements of his or her role. Failure to follow the dictates of proper role behavior would imperil the relationship and disrupt the harmony of society.

It is generally accepted that the most formalistic and most important relationships among Chinese are the five cardinal dyadic relationships (*wu lun*), namely, those between sovereign and subject, father and son, elder brother and younger brother, husband and wife, and friend and friend. Broadly speaking, the relationship formalism is not limited to five relationships. It also applies to

relationships between teacher and student, master and servant, employer and employee, and superior and subordinate, and so on.

Additionally, it should be noted that, with the concept of pao, the Chinese interpersonal roles are building on mutual benefit and are interdependent of one another. Nevertheless, different relationships should have different levels of mutual benefit and interdependence. According to Yang (1957), the central meanings of the Chinese word pao are to “respond” or “return”, which has served as one basis for social relations in China (Yang 1957 and 1987). Yang (1957, p.291) explicitly states that “Chinese believe reciprocity of actions (favor and hatred, reward and punishment) between man and man, and indeed between men and supernatural beings, should be as certain as a cause-and-effect relationship, and, therefore, when a Chinese acts, he normally anticipates a response or return.”

Lau (1993) suggests using two dimensions to classify the concept of pao. The first dimension is the nature of pao, i.e., instrumental, emotional and cause-effect, and the second dimension is the direction of pao, i.e., positive direction and negative direction. With regard to positive outcomes, pao requires that individuals should not owe others any favors, either tangible or intangible, and should make an effort to repay what favors they do owe. The belief underlying pao is that if individuals do not repay the favors of others, their relationship will become difficult and social harmony will become difficult to sustain (Hsu 1971c). With regard to negative outcomes, Chinese often believe that retribution to a harm-doer does not necessarily have to be delivered by the victim, and that supernatural forces may punish harm-doers to restore a state of

justice. For instance, Chiu (1991) has analyzed popular Chinese sayings about inequity and classified them into seven types. One types, clearly indigenous, suggests that retribution may occur to the perpetrators' descendants. These saying suggest that bad deeds will bring disasters to the descendants of perpetrators or result in the perpetrators having unfilial descendants.

In addition, Lau (1993) further explains the six major differences between the Western social exchange theory (the central meanings of social exchange theory is to reciprocate) and the Chinese concept of pao. First of all, he points out that social exchange theory only consists of the instrumental concept of pao because, ultimately, the parties having the act of pao are to balance the gain-loss between them. On the other hand, the Chinese concept of pao, other than the instrumental nature, also possesses the emotional and cause-effect nature.

Secondly, the Western social exchange theory only has the positive direction. They only emphasize on the exchange of positive benefit. However, the Chinese concept of pao, not only covers the positive direction, but also includes the negative nature of pao, such as retaliate or retort.

Thirdly, the social exchange theory builds upon the nature of individual bases. The Chinese concept of pao, however, involves both individual and group bases. This can be seen from almost all the literature of pao that the meanings of pao have involved in the relationship with family (e.g., Yang 1957; Wen 1982; Hwang 1990).

Fourthly, in terms of timing, the Western concept of reciprocity and the Chinese concept of pao are also different. The social exchange theory emphasizes the return from a short term point of view. Yet, as Yang (1957, p.292) states that “in the long run, the social balance sheet should be kept in balance”. In general, Chinese often possess a longer concept of timing of pao, which may extend to the whole life or next life.

For the quantity of return, the focus of the social exchange theory is on the balance between the cost and benefit among the parties involved. However, according to the Chinese point of view of the quantity of pao, the returner should return more to the people that have helped him/her before. General speaking, Chinese have a very bad perception on the person that hasn't return the benefit to whom are kind to him/her and help him/her before.

Finally, from Westerners' point of view, the core motivation of reciprocity is on the rewards. Whereas their Chinese counterparts have motivations other than rewards, such as “li”. Table 2.4 summarizes the difference between the Western social exchange theory and the Chinese concept of pao.

Table 2.4

Comparison of the Western Social Exchange Theory & the Chinese Concept of Pao

	Social Exchange Theory	Chinese Concept of Pao
Nature:	<ul style="list-style-type: none">• Instrumental	<ul style="list-style-type: none">• Instrumental + Emotional + Cause-Effect
Direction:	<ul style="list-style-type: none">• Positive	<ul style="list-style-type: none">• Positive + Negative
Social Orientation:	<ul style="list-style-type: none">• Weak	<ul style="list-style-type: none">• Strong
Time of Return:	<ul style="list-style-type: none">• Immediately / Short Term	<ul style="list-style-type: none">• Immediately + Whole Life + Next Life
Quantity of Return:	<ul style="list-style-type: none">• Equal• Gain - Loss	<ul style="list-style-type: none">• More than Equal
Motivation:	<ul style="list-style-type: none">• Reward	<ul style="list-style-type: none">• Reward + Ethical Issues

As far as the Chinese relationship is concerned, they also put heavy emphasis on the harmony of the relationship. Yang (1993a) provides the reason why the Chinese are urged to have a harmonious interpersonal relationship. It is because harmonious relationships can foster the solidarity and integration of individual groups or organizations, which in turn will lead to a stabilized social order. Thus, it is a common practice for Chinese to put a larger part of the blame on the one who first says or does something to disturb or destroy the interpersonal harmony no matter what his/her reason or justification is or what rationale he/she possesses behind the initiation

of the disturbance. According to Bond (1991), direct confrontation or initiation of any type of dispute is considered an invitation to chaos, which disputes the harmonious fabric of personal relationships. In order to maintain the harmony and avoid the blame, Chinese people often prefer to do what others expect them to do and not to act beyond the expectations' of others. Therefore, he/she needs to do the so-called facework to protect other's face or to save the other's face. In other words, one has to speak in the language suited to one's situation and display appropriate behavior and status symbols. It is generally believed that the image of the self presented to others has a lasting impact, thus one has to be very careful about one's behavior (Stover 1974, p.244-5). According to Hsu (1963 and 1981), this may explain why Chinese are situation-centered or situationally determined.

The concept of "face work" actually means projection of self-image and impression management. The goal is to shape and instill in the minds of others a particularly favorable image (Schlenker 1980; Schneider 1969 and 1981; Tedeschi and Riess 1981). It is believed that the adoption of different strategies to save face, does not solely exist among the older generation but is also manifested by Chinese college students (Bond and Lee 1981).

Broadly speaking, Chinese have been very face-conscious in social and interpersonal interactions. In his review of the literature on the Chinese concept of face, Ho (1980) concludes that there has been unanimous agreement among social scientists that Chinese attach great importance to face. In his earlier study (Ho 1974), he has already pointed out that the idea of regard for the face of others is rooted in the

Confucian model of society, which place premium importance on the maintenance of harmony in interpersonal relations. It can also be interpreted as having the functional significance of avoiding conflict or confrontation in Chinese social processes. The traditional Chinese mode of dealing with conflict allows for mutual face-saving. Because of the demoralizing repercussions of losing face and the reciprocal nature of face management, "the concern for face exerts a mutually restrictive, even coercive, power upon each member of the social network" (Ho 1976, p.873).

It is believed that the earliest definitions of face are proposed by Hu (1944). She suggests that there are two types of face in the Chinese culture: *lien* and *mien-tzu*. *Lien* "refers to the confidence of society in the moral character of ego" (Hu 1944, p.61). *Mien-tzu* refers to the social prestige which involves a "reputation achieved through getting on in life, through success and ostentation" (Hu 1944, p.45). Loss of *lien* puts "ego outside the society of decent human beings and security" (Hu 1944, p.61). Loss of *lien* "entails not only the condemnation of society, but is loss of its confidence in the integrity of ego's characters". In the Chinese culture, "ego almost always belongs to a closely integrated group on which is reflected some of his/her glory or shame. His/Her family, the wider community of friends, and his/her superiors, all have an interest in his/her advancement or set-backs. So a person does not simply 'lose his/her own face'" (Hu 1944, p.50).

Additionally, Goffman (1955) also defines the concept of face which was recognized to be influenced by the Chinese concept of face (e.g., Hu 1944; Macgowan 1912; Smith 1894; Yang 1945). He conceptualizes face as "the positive social value a

person effectively claims for himself/herself by the line others assume he/she has taken during a particular contact. Face is an image of self delineation in terms of approved social attributes" (Goffman 1955, p.213). Goffman also points out that face can be lost, saved, and/or given. To lose face means "to be in wrong face", to be out of face, or to be shamefaced (Goffman 1955, p.215). To be in wrong face means that people fail to present proper identities or take a proper "line" in a situation. To save face means "the process by which the person sustains an impression for others that he/she has not lost face" (Goffman 1955, p.215). To give face means "to arrange for another to take a better line than he/she might otherwise have been able to take" (Goffman 1955, p.215). Later, Goffman (1967) further suggests that there are two foci of face: (1) self-face (one's own face) and other-face (other's face).

Following Hu (1944), Goffman (1955, 1956, 1959 and 1967) and other scholars (e.g., Lin 1935; Stover 1962), Ho (1976) further conceptualizes the concept of face under the Chinese cultural context and defines face as:

"the respectability and/or deference which a person can claim for himself/herself from others, by virtue of the relative position he/she occupies in his/her social network and the degree to which he/she is judged to have functioned adequately in that position as acceptably in his/her general conduct, the face extended to a person by others is a function of the degree of congruence between judgments of his/her total condition in life, including his/her actions as well as those of people closely associated with him/her, and the social expectations that others have placed upon him/her. In terms of two interacting parties, face is reciprocated compliance, respect, and/or deference that each party expects from and extends to, the other party." (Ho 1976, p.883)

Ho (1976, p.882) view face “is never a purely individual thing. It does not make sense to speak of the face of an individual as something lodged within his/her person, it is meaningful only when his/her face is considered in relation to that of others in the social network”. Thus, face and facework do not arise when a person is independent of others, but only when a person is interdependent upon others. Therefore, Ho (1976, p.876) treats “face as a sociological, rather than psychological, construct”.

Based on the previous literature and derived from a communication perspective, Ting-Toomey (1988) also develops a theory designed to explain how people in individualistic and collectivistic cultures negotiate face and deal with conflict. She assumes that: (1) people in all cultures try to maintain and negotiate face in all communication situations, (2) the concept of face is especially problematic in uncertain situations (for examples, request situation, complaint situation, embarrassment situation, and conflict situation), (3) conflict, as a class of uncertainty situations, demands active facework management, self-face concern and mutual face concern, and negative-face maintenance (control need) and positive-face maintenance (affiliative-inclusion need), and (4) the cultural variability dimension of individualism-collectivism will influence members' selection of one set of conflict styles (e.g., avoidance and obliging styles) over others (e.g., confrontation and solution-oriented styles).

Moreover, the most significant application of facework study was done by Hwang (1987). He explains the concept of face in his model of Chinese power games.

He states that Chinese tend to play the game of face to strengthen the *guanxi* (i.e., relationship) between them. Since the petitioners' power and social status, in accordance with others' perceptions, can guarantee an allocators' help, many people like to make the best of the special qualities of the mixed tie by doing face-work and cutting a figure of power to impress others. In this connection, they will disburse their resources in a favorable way.

In addition, according to Bond and Hwang (1986, p.248), since the rejection of another's request could be interpreted as "a matter of *mianzi* (*mien-tzu*)", a resource allocator will hesitate to turn down the request for help from superiors or persons who have special *guanxi* (i.e., relationship) with him/her. If it is necessary to do so, the allocator of the resource usually has "to pad the latter's face" by taking some compensatory action such as apologizing, appealing to external constraints for his inability to help, giving suggestions for alternative solutions, and so forth.

To summarize the concept of face among Chinese, as Yau (1993, p.74) suggests that "Chinese are always under a strong constraint to meet the expectations of others, to maintain their *mien-tzu*, and to reciprocate a due regard for the *mien-tzu* of others To cause others to lose *mien-tzu* is regarded as an aggressive act by those whose face has been discredited, hence the Chinese try to protect others from losing *mien-tzu*, which is regarded as an act of consideration."

According to Yang (1993a and 199b), other than the concept of *pao* and face, the concept of *yuan* among Chinese also contributes to the stabilized and harmonious

relationships of the agricultural social lives of the Chinese (Lee 1982; Yang 1982b; Yang and Ho 1988).

According to many scholars, such as Chang and Holt (1991), Lee (1995), yuan is recognized as a concept derived from Buddhism. In addition, among the various influencing Chinese philosophies other than Confucianism, Buddhism has been recognized as having a significant impact on the root of the Chinese psychological structure, personal characters, perceptions of others, way of thinking and communication from a religious perspective. In particular, the influence of Buddhism should have an impact on the interpersonal relationships among Chinese through the concept of Yuan.

Yuan is thought to be the chief force that allows contextual factors to play a role in determining whether people will or will not be associated with each other. The Chinese common saying, "I have Yuan with another person", means that conditions are right for them to be together. This concept plays a significant role in influencing Chinese relationships of nowadays.

In addition, the concept of yuan has been widely adopted and modified in meaning by Chinese people over the centuries. Recent studies also show that the belief in yuan still remains widespread among the modern Chinese in Hong Kong and other Chinese-dominated societies (Lee 1982; Huang, Hwang and Ko 1983; Yang and Ho 1988; Hui 1991). The 1988 Social Indicators Survey, for instance, revealed that three-quarters of the Hong Kong Chinese tended to agree with the old Chinese saying:

“When yuan exists, people will meet even if they are thousand miles apart; when yuan does not exist, people will not see each other even if they are just next to each other”. Moreover, over 80 per cent of the respondents felt that “Yuan is to be treasured”, and only 10 per cent of them thought that “yuan is nonsense” (Hui 1991).

Since yuan is a concept originating from Buddhism, it is desirable for us to first understand at least two of the basic ideas behind Buddhism to further explore the concept of yuan: (1) karma and (2) dependent originations (Lee 1995). The concept of karma is a kind of blanket responsibility for an individual's acts on earth during a given lifetime. Karma accumulates throughout uncountable lifetimes spent on earth. “Any deed is invariably accompanied by a result. All that we are at the present moment is the result of the karma that we have produced in the past.” (Niwano 1980, p.104). Generally speaking, Chinese will treat the person very kindly whom they regard to have yuan with them, and they will try their best to maintain the good relation with them under normal circumstances. They will also adopt positive attitudes no matter what the outcome of the interaction is. In some situations, with the concept of pao, they will accumulate their favor as a kind of social investment.

A second important idea behind Buddhism is the dependent origination. Under this idea, it is believed that any event results from innumerable causes interacting and interpenetrating each other. As Niwano (1980, p.94) writes, “Our lives continue from the unlimited past to the endless future ‘today’ does not exist in isolation but is like a deep pool or a shoal of the endless river of life”. Therefore, it is not unreasonable to interpret giving favor to be a kind of social investment under the Chinese cultural

context. In addition, preventing people from losing face can help to further develop the relationship between them, which in turn will generate highly effective and efficient way of interaction in the future. Generally speaking, Chinese will reward the people that helped them before.

Therefore, we can believe that the principle of yuan has significant implications on interpersonal relationship. From the Chinese perception, any development of relationship has its roots in uncounted numbers of lifetimes and is situated in a complex web of interdependent causative factors that are outside control, or even comprehension, of the human mind.

The importance of yuan is to facilitate positive conditions for two seemingly unrelated people to be brought together. "If today I meet you, it is because we have yuan." The friendship, according to Chinese belief, will not grow unless conditions of yuan are fulfilled.

Therefore, Chinese would believe that, out of the many people you may come into contact with, conditions will only be right for you to form relationships with just a very few. Thus it is assumed that people meet each other not by accident but because yuan facilitates the encounter, so called "you yuan" (i.e., yuan having). It is generally accepted that Chinese often use such terms as "friendship affinity" (you yuan) to explain why two persons have or have not become close friends.

Chinese do not see association (i.e., you yuan) as random. Therefore, one expects to associate only with those with whom one has yuan. Moreover, the extent or degree of the relationship is also a factor controlled by yuan. "If two people are destined to have yuan, they will meet each other in some places later, no matter they have known or never known each other before. When the time is right, all the factors will accumulate to bring about the chance for them to meet." "If there is yuan for you two, you will still meet although you are thousand of miles apart. If you don't have yuan, even if you are face-to-face, you will never know each other." Thus, according to Yau (1993, p.75), "He who causes others to lose face will eventually lose face in front of others". It is not unreasonable to believe that Chinese would observe the importance of assisting one another, because they feel that in their subsequent lives, in another place, they may be vulnerable to loss of face.

In addition, it should be noted that the concept of you yuan is endless. Once a person has yuan with someone, if this yuan is supposed to last for a long time or even for life, these two people will keep on meeting each other in many occasions and there is no way to avoid it.

Furthermore, even though the Chinese are very concerned with the relationship, interpersonal relationship should not be ranked equal among different people. In the Chinese society, Yang (1993a) suggests that there are three groups of relations: (1) relationships with family members, (2) relationships with the people known (familiar people) other than family members but do not involve close blood ties,

such as relatives outside the family, neighbors or people in the same village, friends, colleagues, or classmates), and (3) relationships with strangers.

Generally speaking, Chinese will emphasize on the relationship between ingroup people compared to outgroup people. However, there is no clear classification, ingroup people sometimes only refers to family members, with familiar people and strangers thought of as outgroup members, and sometimes ingroup members include both family members and familiar people, and only strangers are regarded as outgroup members. In this study, we will adopt the latter classification that both family members and familiar people are ingroup members, while strangers are outgroup members.

With the ingroup and outgroup concept implanted firmly in mind, Chinese can form a social relationship network by using the ego as the reference center and it is explicitly explained by Fei's study (1948). Yang (1993a and 1993b) further explains that one's relationship with another party will determine how he or she will treat or respond to the other person, this is the so-called relational determinism. He also discusses it in terms of their difference in the principle of interaction, ways of social treatment, patterns of interdependence, and effects of interaction. All the results are summarized in Table 2.5.

Table 2.5

Distinctive Principles of Interaction, Ways of Social Treatment, Patterns of Interdependence, and Effects of Interaction in the Three Categories of Relationships

	Family Relationship	Familiar People Relationship	Strangers Relationship
Principle of Interaction:	<ul style="list-style-type: none"> • Principle of Responsibility (Low Reciprocity) 	<ul style="list-style-type: none"> • Principle of Interpersonal Favor & Generosity (Moderate Reciprocity) 	<ul style="list-style-type: none"> • Principle of Gains & Losses (High Reciprocity)
Ways of Social Interdependence:	<ul style="list-style-type: none"> • Unconditional Protection (High Particularism) 	<ul style="list-style-type: none"> • Special Accommodation (Moderate Particularism) 	<ul style="list-style-type: none"> • Discretionary Treatment (No Particularism)
Pattern of Interdependence:	<ul style="list-style-type: none"> • Unconditional Interdependence 	<ul style="list-style-type: none"> • Conditional Interdependence 	<ul style="list-style-type: none"> • No Interdependence
Positive Effect of Interaction (Good Effect):	<ul style="list-style-type: none"> • Unconditional Trust • Feeling of Love 	<ul style="list-style-type: none"> • Conditional Trust • Feeling of Liking • Feeling of Congeniality 	<ul style="list-style-type: none"> • Feeling of Having Yuan • Feeling of Congeniality • Feeling of Liking
Negative Effect of Interaction (Poor Interaction):	<ul style="list-style-type: none"> • Guilt Feeling • Depression • Anxiety • Anger or Hostility 	<ul style="list-style-type: none"> • Shame Feeling (Loss of Face) • Anxiety • Anger or Hostility 	<ul style="list-style-type: none"> • Anger or Hostility • Shame Feeling (Loss of Face)
Coping or Defensive Mechanism :	<ul style="list-style-type: none"> • Repression • Somatization • Denial • Rationalization • Reaction Formation 	<ul style="list-style-type: none"> • Rationalization • Defensive Projection 	<ul style="list-style-type: none"> • Defensive Projection • Rationalization • Direct Expression of Anger or Hostility

Authoritarian Orientation:

Obviously, one of the characteristics of Confucian personalities is the obedience to authorities (Wright 1962). It should be noted that, in the traditional Chinese society, the father (the family head) owns the greatest power in the family because of four reasons: (1) he owns all the family property and control all the income of each family members, (2) the family members respect and remain loyal and obedient to the family head as the king of the family, (3) the traditional Chinese family structure allows the family head to give punishment by following the family rules and domestic disciplines, and (4) the concept of seniority with rigid hierarchical order is very strong among the traditional Chinese, and members of different hierarchical levels have different access to power and resources (Yang 1993a and 1993b).

In addition, because of the pan-familization concept, this authoritarian orientation is also extended and generalized to the other social groups and business organizations. It is believed that the person holding higher job position with higher job title will have higher authority within the organization, and vice versa.

According to Yang (1993a and 1993b), the authoritarian orientation is composed of three major characteristics: (1) authority sensitization, (2) authority worship, and (3) authority dependence. For the authority sensitization, it can be observed that whenever two Chinese meet for the first time, they often spend some time clarifying each other's seniority and status, and always demonstrate polite or respectful restraints in behaviors to avoid inadvertently offending an authority without

knowing he or she is. If necessary, Chinese people will immediately adjust their attitudes and behaviors after knowing the social status of the interacting partner.

Chinese people not only sensitize the authority but also worship it. It is because Chinese commonly believe that authorities are flawless, they know everything and they can be authorities forever. Even if they have mistakes, ordinary Chinese people allow the authorities to have excuses, such as lack of time.

Other than worshipping the authorities, Chinese people are also dependent on them. As stated before, authorities (such as family head, employer, senior staff) control all the familial and social resources, and the allocation of resources by the authorities, to a large extent, depends on the individual's relationships with the authorities. Logically, respect obedience rendered to the authorities is definitely a useful way to gaining a better chance to win the authority's good graces and rewards.

Other Orientation:

The other orientation is believed to be a key principle governing the conduct of Chinese social life. According to the definition of Yang (1993a and 1993b), "other" is defined here as a collective term to designate either an actual or imaginary "audience", which includes family members, familiar people and strangers. As stated by Yang (1993a, p.43-44), "a person is said to be other-oriented if he or she is especially sensitive to others' opinions, standards, and criticisms, always worrying about the impression that he or she will make or has made on others, and tries hard to conform

to others' behavior. An other-oriented person will try by all means to avoid others' criticism, ridicule, rejection, and punishment, and do his or her best to win others' approval, acceptance, help, and appreciation."

Thus, in general, it is believed that Chinese other-orientation has four major characteristics: (1) constant worry about others' opinions, (2) strong conformity with others, (3) deep concern about social norms, and (4) high regard for reputation.

It should be noted that these four characteristics are interrelated, since Chinese are very concerned with the social norms and their self-reputation in front of other people. Indeed, they are very worried about others' opinions on them. In addition, they pay much attention to others' opinions and seek and maintain the harmonious relationship with others by conformity with them.

Therefore, it is believed that Chinese people will pay attention and try their best to protect themselves by reducing differences and retaining similarities in opinions between themselves and others. For example, under organization buying situation, if the decision making involves purchasing for company use, the buyer needs to pay attention and to consider others' feelings and opinions within the organization, even if they might not have actual involvement in the purchasing decision.

To summarize, by adopting the conclusion of Yang's study (1993a, p.49), the Chinese try to fit themselves into the social environment and submerge their

individualities by forming harmonious unions with social groups and other individuals in the process of social orientation.

“Thus, familistic orientation is the manifestation of Chinese social orientation within the domain of social interactions with family and other groups, in which Chinese try to fit themselves into, and to form harmonious unions with, those social groups. Relationship orientation is the manifestation of Chinese social orientation within the domain of dyadic relations, where Chines try to fit themselves into, and form a harmonious union with, another party in a dyad. Similarly, authoritarian orientation is the manifestation of Chinese social orientation in the domain of social interactions with authorities, and other orientation is the manifestation of Chinese social orientation in the domain of social interactions with nonspecific others. Social groups, interpersonal relationships (role relationships), social authorities, and nonspecific others (including the general public) constitute the major social environment of Chinese people’s life-spheres.”

Overall the four orientations of Chinese cultural values and their characteristics are summarized in Table 2.6:

Table 2.6

Four Orientations of Chinese cultural values and their characteristics

Modality	Characteristics
Familistic Orientation	<ul style="list-style-type: none">• Family Harmony• Pan-Familization
Relationship Orientation	<ul style="list-style-type: none">• Relational Harmony• Relational Determinism• concept of face• concept of yuan• concept of pao
Authoritarian Orientation	<ul style="list-style-type: none">• Authority Sensitization• Authority Worship• Authority Dependence
Other Orientation	<ul style="list-style-type: none">• Constant worry about others’ opinions• Strong conformity with others• High regard for reputation

Independent and Dependent Variables

Independent Variables

General speaking, when two parties come to negotiate or bargain under a buyer-seller context, interaction inevitably arises in any form, such as competitive, integrative and so on. It is believed that how the parties respond to the interaction depends on a number of factors, including the nature of the particular buyer and seller interaction, the situation of the particular parties involved, the cultural orientation of the individuals involved and so on. Based on the literature discussed above, three independent variables were selected for this study to be the affecting factors in the bargaining behavior under Chinese cultural setting, i.e., friendship, seller job status, and buying situation.

Friendship:

The friendship variable is chosen because under the Chinese cultural setting, people tend to maintain the harmonious interpersonal relationship with other people. Friends are treated as ingroup people in this study. It is therefore believed that Chinese people will have concern over the feeling of their friends and need to save face for them under the influence of the concepts of pao and yuan. It is generally accepted that its presence or absence accounts for a lot of variation in the perception, attitude, evaluation, and outcome in the Chinese bargaining process (Chan 1992). If friendship is taken into consideration in the Chinese buyer and seller interaction, we would expect

to see the following outcomes: (1) adoption of the integrative bargaining style, (2) utilization of mutual benefit bargaining strategies, (3) long term relationship, (4) exchange of favor and benefits in the bargaining, (5) trust and coordination in bargaining, (6) open and frank communication, (7) having positive attitudes, and (8) concern of the needs of the other party.

It is expected that friendship will instill a higher level of credibility from the bargainer (i.e., seller in this study), develop an integrative style with a positive attitude, and lead a positive outcome of bargaining in terms of perceived efficiency and satisfaction from the bargaining.

Seller Job Status:

In addition, because of the authoritarian orientation of the Chinese, they sensitize themselves to, worship and also depend on authorities. They also believe strongly that those holding high job titles will have higher authorities in the companies, and vice versa. Thus, job status will affect the perceived credibility of the bargaining partner (i.e., seller in this study) and increase the perceived efficiency level of the bargaining. It is because the seller with higher job status will be perceived to have higher power in resources allocation and lower need of conformity with their companies on the selling decision making.

Buying Situation:

Because of the concept of situation-centered of the Chinese (Hsu 1963 and 1981), buying situation is also another essential independent variable. It is believed that buying for organization use is more complex than from the buying for individual consumer's personal use. It is because organizational buying is more or less a group decision making process. In other words, more than one individual and often many individuals are involved in the buying decision process. An organization buying decision is restricted by the rules and procedures of the organization. Each member of the organization can bring to the decision process different expectations and goals. Thus, under Chinese familistic collective cultural setting, the buyer needs to take other people within the organization into consideration, such as, supervisors, colleagues, even if they do not have actual involvement in the buying decision or bargaining process. They believe that if the buyer makes a fault, it is not a fault of his/hers only, other people in the company will also need to bear the responsibility. In this study, two buying situations were generated, i.e., consumption buying situation and organizational buying situation.

It is expected that the perceived efficiency of bargaining will be higher under individual consumption buying situation when compared with the organizational buying situation, because the latter situation needs to involve a lot of people and time for discussion.

Dependent Variables

The literature discussed above also have suggested a list of dependent variables for inclusion in this study. There are five dependent variables to be included in this study. They can be categorized into three groups, i.e., seller credibility, bargaining style, and outcome of bargaining.

Seller credibility:

As the product and service are more or less the same, it is believed that the customer or the buyer will rely on the sellers' credibility to assess the product and make the buying decision. Broadly speaking, the success of the company is largely relies on the success of the sales team with a higher credibility in the eyes of the consumers.

Since friends are believed to be ingroup members in this study, they will be perceived to have a higher level of credibility because of the concept of yuan and pao. In addition, if the buyer is involved in the organization buying situation, he/she needs to pay attention and concern to others within the company to protect themselves. Sometimes they may need to act according to their wishes so as to reduce the differences and retain the similarities with others in opinions. All these will make the buyer more rigid and serious to assess the product and the level of credibility of the seller.

If the seller holds a higher job position, he/she will be treated as holding higher authority within the organization under the Chinese cultural setting. Since Chinese people tend to be very sensitive to, worship and depend on the authority, they believe that authorities are flawless, know everything, and control the power of resources allocation. Logically the perceived credibility of the people holding higher authority should be higher.

Bargaining Style:

According to many negotiation or bargaining studies (e.g., Graham, Kim, Lin and Robinson 1988; Goldenberg 1988; Ting-Toomey 1988), people from different cultures are known to adopt different conflict resolution strategies during bargaining. The most significant one was proposed by Ting-Toomey (1988). In her study, she proposes that members of collective cultures, such as Chinese, perceive and manage conflict in negotiation process differently from those in individualistic cultures, such as Americans.

According to a number of interpersonal conflict management studies, such as those of Rahim (1983), Rahim and Bonoma (1979), Rubin and Brown (1975), Tjosvold (1991), five types of conflict resolution strategies are generally identified: (1) integrating, (2) domineering, (3) obliging, (4) avoiding and (5) compromising. In the literature, the most significant work was done by Rahim (1983). Based on the dimensions of concern for self and concern for others, he clearly defines the five styles mentioned above as: (1) integrating (high self-concern, high other-concern), (2)

dominating (high self-concern, low other-concern), (3) obliging (low self-concern, high other-concern), (4) avoiding (low self-concern, low other-concern), and (5) compromising (intermediate self-concern and other concern).

Since the Chinese culture is collective, relationship oriented and other orientated, and that Chinese people in general strongly believe in the concept of face, yuan, and pao, thus Chinese people will tend to adopt integrative bargaining style during the negotiation process. Whether the transaction is successful or not, this integrative style of bargaining can allow the bargaining parties to consider the interests of both parties and develop a good relationship between them, and ultimately create a harmonious atmosphere and achieve a mutual beneficial situation. Maintaining a good relationship between bargaining parties is extremely important and useful under the Chinese cultural setting, Chinese will reward to those people who have helped and previously given face to them, under the concept of pao. Conversely, the Chinese bargainers will become very tough if the win-win attitude is absent in the bargaining process (Chan 1992).

The conflict avoidance is a basic orientation in the Chinese social process rooted in the Confucian model of society based on the maintenance of harmony in interpersonal relations. It is believed that adopting the integrative bargaining style is a way of avoiding the conflict between buyer and seller.

In addition, attitude adopted in a bargaining process can be positive or negative. In this study, a positive attitude is also chosen as a dependent variable too.

As stated before, Chinese will reward the people that helped them before. They will also try their best to maintain the harmony in the interpersonal interaction, and they strongly believe that if two people have yuan, they will encounter each other in the future. Thus, it seems that they will adopt the positive attitude so as to create harmony in the atmosphere during the bargaining process, regardless of what the outcome is.

Outcomes of Bargaining:

Other than the bargaining process, it is believed that researchers and practitioners are concerned about how the above factors would affect the outcome of the bargaining as a whole. In this study, the outcome of the bargaining is in terms of perceived efficiency and perceived satisfaction of the bargaining.

Since Chinese are relational, authoritarian, other and situation oriented, it seems that the level of efficiency of the bargaining will be depended on whether the bargaining partners are friends (ingroup people), their job status, and the buying situation.

It is extremely important for the buyer to achieve bargaining satisfaction in every aspect of the bargaining process. It is because if the buyer is not satisfied, it is very difficult for the seller to accomplish the bargaining and approach the buyer later to maintain a long term business relationship in the future. In addition, Chinese strongly believe that if two people have yuan, they will encounter each other in the future. Thus, generally speaking, Chinese tend to adopt positive attitude while they are

bargaining with their ingroup members to create the harmonious atmosphere and maintain the good relationship. Thus, the Chinese will be more happy and satisfied to bargain with the person they know since the interpersonal interaction is much smoother when compared with interacting with the outgroup members.

To sum up, five dependent variables will be considered in this study, i.e., seller credibility, integrative bargaining style, positive attitude, perceived efficiency and perceived satisfaction of the bargaining.

Research Hypotheses

Bagozzi (1978) views exchange as a dynamic social process functioning under social and psychological constraints and the outcomes of exchanges are contingent upon bargaining, negotiation, power, conflict, and the shared meanings among the social actors. No one can bargain alone, bargaining is a dynamic on-going process which involves moves and countermoves. It is a joint process which occurs between one or several parties, or their representatives, such as buyers and sellers. There is no single fixed effective and efficient optimal solution for both buyer and seller, and the solution is not universal applicable. The bargaining outcome is assumed to depend on how the bargaining parties interact, and also depend on the particular buying situation that the parties involved under a particular culture. Thus, to a large extent, it is expected that the issue of culture would affect the interpersonal interaction or bargaining between buyer and seller. Four major Chinese cultural orientations are considered in this study: (1) familistic orientation, (2) relationship orientation, (3) authoritarian orientation, and (4) other orientation.

Generally speaking, Chinese would try to fit themselves into the social environment and submerge their individualities by forming harmonious unions with social groups and other individuals. They would treat ingroup members differently from persons who are more distance in their relationship circle. The Chinese people are also group and status conscious. Whether a person's behavior is acceptable or not depends not only on the behavior itself, but also on whether the group's perception of the behavior as appropriate or not. Therefore, the in/out group membership and status

of the bargainer partners will definitely have implications on the processes and outcomes of bargaining among the Chinese (Chan 1992).

As stated in the previous part of this chapter, in the eyes of Chinese, friends, who are termed as ingroup members, will be treated differently. Chinese people would tend to trust their friends more than the outgroup members. They would protect their friends' faces and maintain harmonious relationship with them. In addition, with the concept of *yuan* and *pao*, the interpersonal interaction is much smoother when compared with interacting with the outgroup members.

H₁: Subjects bargaining with their friends will be more inclined to adopt an integrative bargaining style with positive attitude, perceive a higher level of credibility, a higher level of efficiency, and a higher level of satisfaction than for subjects not bargaining with their friends.

Since Chinese tend to be strongly sensitive to, worship and depend on the authorities, they often use high job positions or titles to project or infer the power or authority belonging to a person. Also, Chinese people would generally believe that the authorities are strong in every aspect, and control the allocation of resources. High job status seller will be perceived to have higher credibility and can accomplish the transaction more smoothly because they have lower needs to confirm their selling decision made to the others in the company.

H₂: Subjects bargaining with high job status bargaining partners will perceive a higher level of credibility and higher level of efficiency than when they are bargaining with low job status partners.

Because of the situation-centered concept (Hsu 1963 and 1981) and other oriented of Chinese (Yang 1993a and 1993b), Chinese people are very concerned and worried about others' opinions towards themselves. They are therefore more caution to evaluate the level of seller credibility under organizational buying situation (i.e. group purchasing decision process). In addition, organizational buying decision making is believed to be relatively more complex than individual buying decision making, in terms of people and money involved. It is expected that when the Chinese people need to take others within the company into consideration in making a purchase decision, the bargaining process should take a longer time and decrease the overall efficiency.

- H₃: Subjects involving in a consumption buying situation will perceive a higher level of seller credibility and a higher level of efficiency than will subjects involving in an organizational buying situation.

Although ingroup people receive higher level of credibility when compared with outgroup members, because of the situation and other orientation, under organizational buying situation, buyers do care more about whether their decisions are accepted and appreciated by others in the company, such as their supervisors, colleagues and so on. The Chinese people are generally unwilling to take the responsibility for the decision because of the risk aversion. They are therefore more rigid and serious in the assessment of the product by reviewing the credibility of the sellers, especially when the sellers are strangers (i.e., outgroup members). Also, the organizational buyers need to take time to process the buying decision making, before they can come up with a consensus decision among different people within the

company. Similarly, when the sellers are strangers, organizational buyers would need to take longer time to process and decrease the overall efficiency.

H_{4a}: Subjects involving in the organizational buying situation and bargaining with “non-friend” partners will perceive a lower level of credibility, as compared to subjects involving in consumption buying situation.

H_{4b}: Subjects involving in the organizational buying situation and bargaining with “non-friend” partners will perceive a lower level of efficiency, as compared to subjects involving in consumption buying situation.

Similarly, when looking from a Chinese buyer’s perspective, buying decision for the company is more rigid and serious when compared with buying decision for individual person, the seller credibility will be different under different buying situations. Thus, the effect of authorities on seller credibility generated from the high job status would be perceived to be higher in individual consumption buying situation than to organizational buying situation. This effect of authorities on perceived efficiency of the bargaining would also be expected to be higher under individual consumption buying situation, when compared with the organization buying situation.

H_{5a}: Subjects involving in the consumption buying situation and bargaining with high job status partners will perceive a higher level of credibility, as compared to subjects involving in organization buying situation.

H_{5b}: Subjects involving in the consumption buying situation and bargaining with high job status partners will perceive a higher level of efficiency, as compared to subjects involving in organizational buying situation.

Overall, the five sets of hypotheses of the study are summarized in Table 2.7:

Table 2.7

Hypotheses of the Study

	Dependent Variables				
Independent Variables	Seller credibility	Integrative Bargaining Style	Positive Attitude	Perceived Efficiency	Perceived Satisfaction
Friendship (F)	F > N-F	F > N-F	F > N-F	F > N-F	F > N-F
Job Status (J)	H-J > L-J			H-J > L-J	
Buying Situation (S)	C.B. > O.B.			C.B. > O.B.	
S x F	O.B. w/ N-F: Lowest			O.B. w/ N-F: Lowest	
S x J	C.B. w/ H-J: Highest			C.B. w/ H-J: Highest	

- Note: F = Friend
N-F = Non-Friend
H-J = High Seller Job Status
L-J = Low Seller Job Status
C.B. = Consumption Buying
O.B. = Organizational Buying

CHAPTER THREE

METHODS

Experimental Design

There are many ways to do research, including qualitative and quantitative methods. For instance, the researchers would ask the respondents such questions as why they buy, what they buy, how they make buying decisions, what features of the product or service are important, and so on. The major purpose of asking these types of questions is to attempt to capture the knowledge that people are aware about their own behavior. Additionally, there are other ways to do research, which is to observe what people do or say when they confront a real or simulated setting of interest. Thus, the respondents would be asked on how much they like the product alternative, or whether they would buy it under different conditions. This is what we call the experimental way of doing research. In this study, the hypotheses generated in the previous chapter of this study were tested through experiment.

Kerlinger (1986) states explicitly that an experiment is taken to mean a scientific investigation in which an investigator manipulates and controls one or more independent variables and observes the dependent variable or variables for variation

concomitant to the manipulation of the independent variables. Under the experimental approach, conditions are controlled, thus one or more independent variable(s) can be manipulated in an investigation to test the hypothesis in connection with a dependent variable. It has been stated that "the goal of experimental design is the confidence that it gives the researcher that his experimental treatment is the cause of the effect he measures" (Banks 1964).

The difference between the two ways of doing research mentioned above is obvious. The first approach, by asking questions, is relatively easy to do and can yield rich information. But it is limited by the people's insight into their own behavior and by their willingness and ability to reveal what they know. The experimental approach can overcome these disadvantages. It is because knowledge comes not from people's own insight but from what they do or say in response to what they are presented with in the experiment. In other words, under the experimental approach, knowledge comes from observed causality --- when given X, people do or say Y.

However, realism is one drawback of the experimental approach. Such risk could be accepted if differences between the experiment and the real setting do not generate serious impact on the relationship found between the independent and dependent variables (Pruitt 1981).

In addition, Deutsch and Krauss (1960) also agree that if the main purpose of the study is intrinsic plausibility, the experimental method would be a good choice. Moreover, when the chief purpose is the building up of a theoretical cause-and-effect

generalization, experiments using relatively selective samples are also deemed appropriate (Morris, Paul, and Rahtz 1987; Sawyer, Worthing, and Sendak 1979; Calder, Phillips, and Tybout 1981; McGrath and Brinberg 1983).

Furthermore, many previous researches and studies served as concrete evidence to prove that it is common practice to use experimental approach to study negotiation, bargaining, and conflict resolution behavior. Significant works include Douglas (1962), Pruitt (1964 and 1968), Rubin and Brown (1975), Angelmar and Stern (1978), Engram and Pruitt (1979), Graham (1980), Clopton (1984), Bond, Wan, Leung, and Giacalone (1985), Leung (1987), Graham, Kim, Lin, and Robinson (1988), and Thompson, Mannix, and Bazerman (1988).

According to Chan (1992), negotiation experiments can generate (1) precise manipulation of the hypothesized independent variables, with other influencing variables kept basically constant, (2) careful identification of the changes in the dependent variables, which is usually difficult to accomplish in field settings, and (3) novel strategies being tried out in exploratory environment before putting into practice in the market. Specifically, Dwyer, Schurr, and Oh (1987) explicitly state in their study that experiment on negotiation is suitable to develop and evaluate key variables in hypotheses. Under the experimental setting, constructs can be efficiently tested for their relationship with the manipulated treatments. As a result, clear-cut evidences about causes and effect can be obtained. Thus, the hypotheses generated in the previous chapter of this study were tested through the experimental approach.

In addition, there are many ways to do experiments. The scenarios format, for instance, has been used extensively in the experimental studies which entails negotiation or bargaining behavior (Fouraker and Siegel 1963; Green, Gross and Robinson 1967; Pennington 1968; Mathews, Wilson and Monoky 1972; Pruitt and Lewis 1975; Chan 1992). Thus, in the present study, scenario format was also adopted in the experiment to analyze the Chinese bargaining behavior.

Scenario format was appropriate in this study due to many reasons. First of all, this method is easy to administer and can allow a relatively complex event to be organized and structured. Also, for dyadic encounters between strangers in the laboratory setting, it would be impossible or impractical to manipulate treatments such as friendship, integrative behavior, or job status in a managerial hierarchy (Chan 1992). Moreover, scenarios allow for a standardization of a stimulus, while at the same time making the decision appear more real (Alexander and Becker 1978). Under this situation, a scenario or a verbal representation of the situation would be more appropriate to detect subjects' responses or perceptions towards the different treatments (Bond, Leung, and Wan 1982b). It is because subjects were asked to indicate their probable behavioral intentions toward the actors making the different inputs (Triandis 1964).

In this research, subjects were asked to assume that they were intending to buy a computer either for their company or for themselves. They needed to bargain with some computer companies in order to purchase the computer from one of them.

Computer purchase was chosen because it is generally agreed to be within the realm of the consumer experience for the subjects.

To examine the effects of the three basic variables, namely, buying situation, friendship between buyer and seller, and seller’s job status, a 2 x 2 x 2 between-subjects factorial design was employed in this study. The first factor was the buying situation that the buyer faces: buying for personal use (consumption or household buying) vs. buying for company use (organizational buying). The second factor was the friendship between the bargaining partner (i.e., seller in this study) and the subject (i.e., buyer in this study): friend vs. non-friend. The third factor was the job status of the bargaining partner (i.e., seller): senior (high) vs. junior (low). The basic experimental design is shown in Table 3.1.

Table 3.1

Experimental Design

Consumption Buying				Organizational Buying			
Friend		Non-Friend		Friend		Non-Friend	
High Job Status	Low Job Status	High Job Status	Low Job Status	High Job Status	Low Job Status	High Job Status	Low Job Status

In this research, the factorial design is used because this statistical experimental design can allow for the simultaneous manipulation of two or more independent variables. It can also measure the effects of two or more independent variables at various levels (i.e. those contained in this study: buying situation, friendship between buyer and seller, and seller's job status). In addition, it can allow for interactions between variables which provide the ability to determine interactive effects. This interaction is said to take place when the simultaneous effect of two or more variables is different from the sum of their separate effects. Since this study needs to manipulate more than one independent variables simultaneously, and measure their effects at various levels, it is appropriate to adopt the factorial design approach.

Development of the Research Design

The most important phase in developing the experimental design and the questionnaire is the operationalization of the three manipulations (i.e., independent variables) and the five dependent variables. The study was developed in two stages. The first stage involved the review of relevant literature on the independent variables and the measurement scales of the dependent variables. The second stage consisted of pretesting the initial questionnaire with different scenarios that had been derived from the first stage.

In the first stage, with the adoption of the theoretical guidelines and past research, the questionnaire of the pretests was formed which consisted of eight scenarios, 47 items questionnaire and three items of manipulation check. The blueprint described by Churchill (1972) and Spector (1992) were used to develop measurement scales for the five dependent variables. The major objective of this first stage was to generate a pool of items from which final scales could be generated. In the second stage, through the conduction of three pretests, we attempted to finalize the scenarios and the questionnaire.

Pretests

The main objectives of the pretest were to : (1) refine and confirm the wording and items to be used in the main study, (2) test the validity and reliability of the items in measuring the dependent variables, (3) evaluate the experimental manipulations (Perdue and Summers 1986), and (4) gain and accumulate experience in conducting the final experiment in the study. In this sense, pretests can check: (1) whether there are a disproportionate number of nonresponses to particular questions, (2) whether the questions discriminate (respondents give different answer), and (3) whether the respondents seem to understand the questions (Lehmann 1989).

Altogether three pretests had been conducted before the main study was launched. First of all, based on the information obtained from the relevant literature, eight scenarios were developed. Additionally, multi-item measures of seller credibility, integrative bargaining style, positive attitude, perceived efficiency and perceived satisfaction were developed as dependent variables (all 6-point scales were anchored within the range of 1 = strongly disagree to 6 = strongly agree). Moreover, three manipulation checks were also generated.

Totally 280 full-time undergraduate business students responded to the scenarios and the questionnaire with three manipulation checks. Respondents were first asked to read one of the eight scenarios and then answer the questionnaire as well as to point out any clarification that is required. Wording of the scenarios and items of the questionnaire that are considered ambiguous were noted. Basing on the feedback

from the respondents, eight scenarios and three manipulation check items were adjusted in terms of wording, questioning method, and relevant issues.

Since it is necessary to ensure the reliability and validity of each dependent variable, according to some scholars, such as, Churchill (1979), Perdue and Summers (1991), the pretest data should go through some statistical examination which included the calculation of means, correlation matrices, exploratory factor analysis, item-to-total correlation and coefficient alpha. Therefore, in this study, items that loaded on several dimensions and do not show a high item-to-total correlation to each constructs were dropped. The redundant statements were also deleted until all alpha coefficients exceed 0.6. This is to follow the ways that Churchill has suggested (1979) to purify the measurements of study. He proposes that rounds of factor analysis and the calculation of the Cornbach alpha should be carried out and that the items which demonstrate a low reliability should be eliminated. Finally, after the factor analysis and reliability test were performed, the measurement items for the five dependent variables were reduced to 19 items.

Additionally, the procedures for arriving at the final set of items are also summarized at Table 3.2.

Table 3.2

Summary of Steps Taken in Finalizing the items for the Dependent variables

<u>Steps Taken</u>	<u>Participants Involved</u>	<u>Number of Items</u>
Review of Literature	Author	47
First Pretest	55 Undergraduate Students	46
Second Pretest	86 Undergraduate Students	27
Third Pretest	139 Undergraduate Students	19

Furthermore, the pretest also indicated that the entire experimental procedure could be finished in 15-20 minutes. In the three pretests, there were no evidences that subjects could correctly guess the real motive of the study.

Experiment

Subjects

Students enrolling in eight postgraduate business programs offered by a large university in Hong Kong was used as the sample frame. Prior to the study, it is believed that all the participants did not have any formal training in bargaining nor were they enrolled in bargaining courses. Altogether 240 subjects from this sample responded to this questionnaire. As an incentive to boost up the response rate, each respondent was given a pen as a souvenir and the researcher guaranteed that a summary report should be sent to the respondents upon completion of the study. The profile of the respondents is presented in Table 3.3.

Table 3.3
Profile of Respondents

<u>Characteristics</u>		<u>Number</u>	
<u>Percentage</u>			
Sex:			
	Male	133	55.4
	Female	107	44.6
Highest Education:			
	Secondary	11	4.6
	Post-Secondary	24	10.0
	College/University Graduate	159	66.3
	Postgraduate	46	19.2
Age:			
	under 31	108	45.0
	31-40	114	47.5
	41-50	18	7.5
Number of Years of Working Experience:			
	under 5 years	64	26.7
	5-10	91	37.9
	11-20	78	32.5
	over 20 years	7	2.9
Position in the Management Hierarchy:			
	Top Management	12	5.0
	Middle-Senior Management	69	28.8
	Middle Management	82	34.2
	Junior Management	77	32.1
Number of Years of Residence in Hong Kong:			
	under 5 years	6	2.5
	5-10	5	2.1
	11-20	17	7.1
	21-30	107	44.6
	31-40	97	40.4
	over 40 years	8	3.3
Nationality by Birth:			
	Chinese	240	100
Considered Himself/Herself as a Computer Expert:			
	Strongly Disagree	38	15.8
	Somewhat Disagree	63	26.3
	Slightly Disagree	54	22.5
	Slightly Agree	56	23.3
	Somewhat Agree	23	9.6
	Strongly Agree	6	2.5
Time involved in Business Bargaining:			
	0-10%	44	18.3
	20-40%	91	37.9
	50-70%	77	32.1
	80-100%	28	11.7

Procedure

Altogether 240 subjects participated in the study. With the approval of the directors of each program and professors, the study was administered during the normal class period. Each respondent in their respective classes was randomly assigned to each of the eight experimental conditions (scenarios), and he/she was requested to respond to the questions based on the material presented in the respective scenario. In other words, in this experimental study, randomization was employed on “buying situation”, “friendship”, and “seller job status”. All the cell sizes were equal to 30 subjects.

At the beginning of the study, each respondent was given an instruction, a random assigned scenario and a set of questionnaire respectively. The instruction has clearly explained that the study is concerned with sales bargaining. After reading the instructions, respondents were asked to read the scenarios carefully and to act as the buyers in the scenarios. The researcher also stated in the instruction that this study is anonymous, and there are no right or wrong answers, and ask the respondents to respond according to their own judgments.

Before answering the closed-ended questions in the questionnaire, respondents were also asked to elaborate freely their general feeling about the sales bargaining in the scenario. This served as a warming-up exercise and a device to allow respondents to express their additional thinking other than the dimensions measured in the closed-ended questions (Chan 1992). When the subjects had answered all of the questions

relating to their perceptions of the respective bargaining scenarios (i.e. seller credibility, integrative bargaining style, positive attitude, perceived efficiency and perceived satisfaction of the bargaining), they were asked to respond to the questions in connection with manipulation checks and personal background information. In the latter part of the questionnaire, two open-ended questions were asked to obtain the respondents' views on the successful factors in the sales bargaining mentioned in the scenarios, and to check whether respondents had guessed the underlying motives of the experiment. The whole set of questionnaire, including the different versions of scenarios, is shown in Appendix I. After subjects had filled out the questionnaires, they were debriefed and thanked for their cooperation.

Manipulations of Independent Variables

Buying Situation

The buying situation factor was manipulated with the bargaining scenario in each questionnaire. In the consumption buying condition, the respondent was told that he/she was intending to buy a computer for himself/herself. However, in the organization buying condition, the respondent was told that he/she was intending to buy a computer for his/her company.

Friendship

The friendship factor was also manipulated within the bargaining scenario in the questionnaire. In the friend condition, the respondent was told that the bargaining partner (i.e., seller) was a good friend of his/hers. The respondent and the seller had met in business venture three years ago, and they had become good friends since then. Recently, they had the opportunity of meeting each other frequently in various social occasions, and a better friendship had been developed between them.

In the non-friend condition, the respondent was told that the bargaining partner (i.e., seller) was an acquaintance he/she had formed before. The two of them had met in business venture three years ago. However, they did not get to know each other very well, and they had not seen each other since then. Recently, the two of them had

the opportunity of meeting each other frequently in various social occasions, but actually their friendship had not developed much.

Seller Job Status

Moreover, the job status of seller was communicated to the subjects by the wording of the bargaining scenario in the questionnaire. In the low job status condition, the respondent was told that the bargaining partner (i.e., seller) was a junior sales representative. In the high job status condition, the respondent was told that the seller was a senior sales manager.

In order to assess the reliability and validity of the manipulation effects of these three treatments, three items were included to serve as manipulation checks for the friendship, job status of the seller, and buying situation treatments. They were listed in question 20, question 21, and question 22 respectively in Part II of the questionnaire. The first question asked, "I would consider Mr. Wong (seller) as a good friend of mine." The second manipulation check asked, "In my opinion, Mr. Wong (seller) is a senior person in his company." The final check asked, "I am buying the computer for my personal use." All the responses were formatted on a six-point Likert scale with "Strongly Agree" (6) and "Strongly Disagree" (1) serving as end-points.

The results generated by the third pretest through the paired-comparison tests (i.e., t-test analysis) were shown in Table 3.4.

Table 3.4
Manipulation Checks (from the third pretest):

Buying Situation					
Group	Number of Cases	Means	Standard error	T-value	P-value
Consumption Buying	77	4.92	0.11	9.31	0.000
Organizational Buying	62	2.85	0.19		
Friendship					
Group	Number of Cases	Means	Standard error	T-value	P-value
Friend	68	4.88	0.09	12.50	0.000
Non-Friend	71	3.06	0.12		
Seller Job Status					
Group	Number of Cases	Means	Standard error	T-value	P-value
High Job Status	70	4.26	0.12	5.94	0.000
Low Job Status	69	3.23	0.13		

The results generated by the t-test analysis found that subjects in the consumption buying condition considered themselves to be buying the computer for his/her personal use more than subjects in the organization buying condition. For instance, in the third pretest (see Table 3.4), the item means are: 4.92 (for the consumption buying condition) and 2.85 (for the organizational buying condition) ($p < 0.01$).

Additionally, the friendship manipulation was also tested in the pretests. Subjects in the friend condition perceived the bargainer as “a friend” more than subjects in the non-friend condition. In the third pretest, the item means are: 4.88 (for the friend condition) and 3.06 (for the non-friend condition) ($p < 0.01$).

Moreover, among all three pretests, subjects in the high job status condition perceived the seller to be having a higher status, in comparison to subjects in the low job status condition. In the third pretest, the item means are: 4.26 (for the high job status condition) and 3.23 (for the low job status condition) ($p < 0.01$).

Measures of Dependent Variables

In this part, we attempt to operationalize the five dependent variables to measure the perceptions and attitude of respondents under different treatments. In his study, Negandhi (1983) explicitly discusses that attitude, beliefs, values, and need hierarchies should be different in different societies. Thus, it is believed that not only theories, but also the measures for which have been developed in the Western culture could not be borrowed directly and adopted in this study.

This assumption is also supported by Bachman and O'Malley's (1984) cross-cultural study. They report that the response set is highly affected by the cultural difference. Thus, the adoption of ready-made concepts and loosely conceived operational measures are dangerous and are impossible to measure what the researcher really wants to acquire accurately in his/her study.

In addition, Parameswaran and Yaprak (1987) also note that the same scale may have different reliability in different cultures, and they recommend that measures have to be pretested before they are adopted into cross-national studies.

Moreover, many scholars (e.g., Hofstede and Bond 1988, Alder and Graham 1989) have already pointed out that the sole reliance on theories, methods and measurement scales developed from the American perspective would be inappropriate in visualizing the relevant and salient dimensions.

Furthermore, the most significant study concerning this measurement problem for Chinese study is what Yang and Chiu (1987) have done. In their study, they have clearly explained that studies on Chinese behavior should never directly borrow the Western rating scales to measure the Chinese subjects' behavior. Due to the cultural and societal difference between Chinese and Westerners, Chinese subjects do have problems and misunderstanding on the same rating scale when compared with the Western subjects. All these problems and misunderstanding would affect the Chinese subjects in responding to the questions. For example, they may avoid answering some questions, or they may tend not to report their true ideas or answers to the researchers, and so on. This will of course generate the systematic error to the result of the study and reduce the validity of the measurement. As such, it is suggested that literature in the Chinese context should be referred to in developing the measurement scale for this Chinese study.

Under these circumstances, the Chinese cultural studies and the various bargaining studies discussed in the previous chapter then serve to generate the pool of potential items. Using the three pretests with exploratory factor analysis and reliability test (i.e., calculation of coefficient alpha), items were added, deleted, and modified before the formal study was conducted. There are five dependent variables in this study: seller credibility, integrative bargaining style, positive attitude, perceived efficiency of the bargaining and perceived satisfaction of the bargaining. Totally, 19 items were included to measure these five dependent variables. For these 19 items, the six-point Likert scales were adopted. They are briefly discussed below.

Seller credibility

There is no established measurement scale for the construct of seller credibility. Based on the scales developed for the measurement of perceived performance risk (e.g., Shimp and Bearden 1982), and the measurement of source credibility (e.g., Harmon and Coney 1982), the following dimensions were generated for the construct of seller credibility in this study: (1) feeling about the computer being introduced would perform as good as others, (2) being very confident that the quality will perform as expected, and (3) considering the particular seller as a trustworthy salesperson, (4) considering the particular salesperson as a computer expert, (5) regarding the particular salesperson as an experienced salesperson, and (6) considering the particular salesperson to be well trained.

Bargaining Style

Integrative Bargaining Style

The integrative bargaining style construct was operationalized in accordance with Rahim (1983). In Rahim's study (1983), seven items were used to measure this dimension. The reliability of this scale is 0.77. To address this study, subjects were only asked whether they would: (1) find solutions in satisfying the expectations of both buyer and seller, (2) exchange accurate information, and (3) bring all concerns out in the open.

Positive Attitude

Basically, the construct of positive attitude towards the bargaining partner was measured by the scale developed by Chan (1992). The reliability of the scale is 0.65 in his study. In the present study, three dimensions were adopted for the measurement of this construct: (1) placing emphasis on mutual benefits, (2) be co-operative and accommodative, and (3) adopting a helpful attitude to develop harmony.

Outcomes of Bargaining

Perceived Efficiency

According to Chan (1992), the construct of perceived efficiency was measured by the following dimensions: (1) bargaining probably won't take a long time to complete, (2) not expecting too much delays and doubts, and (3) not expecting much time consuming get-togethers. Chan (1992) reports the reliability 0.84 for these three items. His whole set of measurement scale is adopted in this study.

Perceived Satisfaction

Basically, the three-item scale developed by Chan (1992) was used to assess the perceived satisfaction of the bargaining. The reported reliability (Chan 1992) was 0.71. In order to better address this dimension in this study, one item was added in this study. Finally, the satisfaction construct was measured by the following four

dimensions: (1) bargaining with an optimistic frame of mind, (2) expecting the deal to be successful, (3) feeling very satisfied if the agreement is reached, and (4) expecting the two parties to have other opportunities to cooperate in the future.

Demographic Information

In addition to the above variables which comprise the data and information for investigation, a number of questions concerning the personal background information of each subject were asked in the latter part of the questionnaire. The information included sex, education level, age, number of years of working experience, ranking in the company, nationality by birth, number of years of residence in Hong Kong, level of expertise in computer, and the amount of time involved in business bargaining. The purpose of collecting the information will be explained in the following analytical part of this study.

Analysis

To test the research hypotheses in this study, the analysis of variance test (ANOVA) would be used as the major analytical method of this study. Before running the ANOVA test, the various experimental groups would be compared along various major dimensions: sex, education level, age, number of years of working experience, ranking in the corporation, computer knowledge, and the amount of time involved in the business bargaining. If the experimental groups were found to be significantly different in any of these dimensions, the dimension(s) would be included in the analysis as covariate(s). To adjust for the possible differences between groups before the experiment, the suggested ANCOVA test is supposed to be a good method to help to reduce the bias on the dependent variables that is predictable from the covariates (Huitema 1980).

With this analysis of covariance test (ANCOVA), the groups were made to be more homogeneous, thus increasing the power to identify “significant” independent variables in the study. To put it differently, the main effects and interaction effects are adjusted for the chance differences on the covariates that are related to the dependent variables. Analysis of covariance is a technique used to increase the power and sensitivity of the ANOVA tests.

It should be noted that the ANCOVA is a powerful analytical technique which can easily be planned at the outset of the design. In practice, researchers do not tend to use covariates as a key element in their experimental design. What usually happens

is that the experimental factors and the dependent measure(s) are selected, and any known covariates or other variables that might be related are assembled in a laundry list manner and measured near the end of the experiment. Then, the analysis frequently begins with an ANOVA, and only when the “correct” effects are not significant will the covariates be entered into the model. This process is consistent with the goal of seeking a parsimonious model, but it is rather *post hoc*. There is no reason that ANCOVA cannot be the planned analysis; it is not much more complicated than the ANOVA, as will be demonstrated (Iacobucci 1994).

Analysis of Interdependence

Before running the ANOVA or ANCOVA test, attention should be given to the analysis of interdependence of the data by passing through the procedures of factor analysis. Instead of attempting to predicate a variable or a set of variables from a set of interdependent variables, the purpose of factor analysis is to understand the structure of a set of variables and evaluate their dimensionality level.

The basic feature of factor analysis is to group together variables which are highly correlated, in order to simplify the analysis and communication of the study. Its major function is to uncover an underlying structure in the data. Also, the other function of the factor analysis is to reduce the number of variables to a more manageable set. In reducing the number of variables, factor analysis attempts to retain much of the information and to make the remaining variables more meaningful and easy to work with (Aaker, Kumar and Day 1995). In so doing, we can assess the

convergent validity and discriminate validity of the five dependent variables measurement scales subsequent to exercising factor analysis.

Again, according to Aaker, Kumar and Day (1995), if the major objective of the factor analysis in the study is to summarize information in a large set of variables into fewer factors, the principle component analysis is suitable to use. Since this is exactly the purpose of using factor analysis in this study, the principle component factor analysis was then adopted.

Analysis of Variance Test

The ANOVA approach was adopted to investigate the main and interaction effects of the independent variables of this research: buying situation, friendship, and seller job status. According to many scholars (Perdue and Summers 1986, Bentler and Bonett 1980), ANOVA seems to be the dominant approach for the analysis of intervally scaled dependent variables in experimental designs.

For experimental designs, we need to pay attention to the assumptions of the analysis of variance, i.e., normality, homogeneity of variance, and independence. In the following part, we will explain what they are and how they are handled in this study.

The most famous assumption is the assumption of normality. It is assumed that, in using the t and F tests (and thus the analysis of variance), the samples with which we work have been drawn from populations that are normally distributed.

In order to handle the assumption of normality, according to Hayes (1963, p.239 and p.378), cell size should be relatively large (around 30). If the cell size is large enough, the issue of normality would not generate big problems to the statistical inference. Moreover, Kirk (1982) also notes that the F test associated with ANOVA is quite robust with respect to the violation of the normality assumption, especially when the cell sizes are all equal. When we look back into the previous part of procedure, the subjects we have asked, each scenario represents one cell, the cell's size being uniform and housing 30 subjects.

Moreover, the next most important assumption is that of homogeneity of variance. It is assumed, in the analysis of variance, that the variances within the groups are statistically the same. That is, variances are assumed to be homogeneous from group to group, with the bounds of random variation. If the variances differ widely, the within-group variance will be inflated. Consequently, an F test may not be significant, when in reality there are significant differences between the means.

Again, according to Hayes (1963, p.379) and Kirk (1982), in order to handle the homogeneity of variance assumption, the cell size for each experimental group should be the same. Therefore, in this study, the cell size for every experimental group were 30 subjects.

The third assumption is that of independence of observations or statistical independence. It is important in both measurement and statistics. The formal definition of statistical independence is: if two events, A_1 and A_2 are statistically

independent, the probability of their interaction is equal to $p(A_1 \cap A_2) = p(A_1) * p(A_2)$ (Feller 1950, p.115). It is assumed in this research that observations are independent, that one observation does not influence the formation of another observation. Statistical tests assume independence of the observations that yield the numbers to go into the statistical calculations. If the observations are not independent, arithmetic operations and statistical tests are vitiated.

The way to handle the assumption of independence is to assign the subjects randomly into the treatments. It is because random assignment can even out the idiosyncratic characteristics of subjects over the different treatments under investigation, and prevent the outcome of the experiment being selectively biased by these characteristics (Chan 1992). In this study, all the subjects were randomly assigned to the eight scenarios with the treatments of “buying situation”, “friendship”, and “seller job status”. It is believed that this assignment would not generate any significant bias to this study which can violate the assumption of the analysis of variance.

CHAPTER FOUR

RESULTS

This chapter presents the specific results on testing the hypotheses mentioned in the Chapter 2. First of all, we assessed the level of difference between the eight ($2 \times 2 \times 2$) experimental groups. This assessment will determine whether we need to include any variables in the ANOVA test as covariates. Then, the manipulation checks are presented. In addition, we also present the dimensionality of the five dependent variables through exploratory factor analysis. Finally, the findings from the ANOVA tests are shown.

Differences of Experimental Groups

The eight (2 x 2 x 2) experimental groups were compared along eight personal background information dimensions, i.e., sex, education level, age, number of years of working experience, ranking in the company, number of years of residence in Hong Kong, level of expertise in computer, and the amount of time involved in business bargaining. The reason of comparison is to test whether the eight experimental groups are significantly different or not. Through One-Way ANOVA and Chi-Square Tests, it was found that these eight groups did not have any significant difference among all the eight dimensions. The results are presented in the Appendix II. Thus, it can be said that the experimental groups were rather homogeneous in terms of their personal background information, and the difference in dependent variables could be attributed to the treatments, and to the treatments alone. Therefore, in this situation, there was no need to include any variables from these eight dimensions in the ANOVA test as covariates.

Manipulation Checks

There are three manipulation checks in this study, i.e., buying situation, friendship, and seller job status. As stated in the previous chapter, paired-comparison tests (i.e., t-test analysis) were adopted in this study to test the validity of these three treatments or manipulations. The overall results of the t-test analysis of these three manipulations are shown in Table 4.1.

Table 4.1
Manipulation Checks:

Buying Situation

Group	Number of Cases	Means	Standard error	T-value	P-value
Consumption Buying	120	4.68	0.12	10.41	0.000
Organizational Buying	120	2.86	0.13		

Friendship

Group	Number of Cases	Means	Standard error	T-value	P-value
Friend	120	4.68	0.08	10.47	0.000
Non-Friend	120	3.26	0.10		

Seller Job Status

Group	Number of Cases	Means	Standard error	T-value	P-value
High Job Status	120	3.98	0.10	6.38	0.000
Low Job Status	120	3.02	0.11		

The manipulation check of the buying situation condition was evaluated on the basis of the subjects' responses to the statement "I am buying for my personal use" (i.e., Question No. 22 of the questionnaire). A high score on this item indicates that the subject perceived himself/herself involving in a consumption buying situation, i.e., buying for personal use. On the other hand, a low score on this item indicates that the subject perceived himself/herself involving in an organizational buying situation, i.e., not buying for personal use.

As revealed in the t-test analysis, subjects in the "consumption buying" condition did in fact perceived themselves as buying for personal use (consumption buying), whereas the subjects in the "organizational buying" situation did not perceive themselves as buying for personal use. The item means are 4.68 (for consumption buying condition), and 2.86 (for organizational buying condition). They are found to be significantly different at $\alpha = 0.01$.

For the manipulation check of the friendship condition, it was evaluated by analyzing the subjects' responses to the statement "I would consider Mr. Wong (the bargaining partner) as a good friend of mine" (i.e., Question No. 20 of the questionnaire). A high score on this item indicates that the subject perceived the bargaining partner as a good friend, and vice versa.

Through the t-test analysis, it was found that subjects in the "friend" condition perceived the bargaining partner as a good friend significantly higher than did subjects in the "non-friend" condition (see Table 4.1). The item means are: 4.68 (for friend

condition) and 3.26 (for non-friend condition). They are also found to be significantly different at $\alpha = 0.01$.

Additionally, for the manipulation check of the bargaining partner's job status condition, it was evaluated using on the subjects' responses to the statement "In my opinion, Mr. Wong (the bargaining partner) is a senior person in his company" (i.e., Questionnaire No. 21 of the questionnaire). A high score on this item indicates that the subject perceived his/her bargaining partner as having a high job status in the company.

Similarly, through t-test analysis, it was found that subjects in the "high job status" condition did in fact significantly perceive their bargaining partners as having a higher job status significantly than subjects in the "low job status" condition (see Table 4.1). The item means are: 3.98 (for high job status condition) and 3.02 (for low job status condition). Similarly, they are significantly different at $\alpha = 0.01$.

As such, it can be concluded that the manipulation of the three treatments in this study --- buying situation, friendship, and seller job status --- in the experiment was successful.

Factor Analysis

Before testing the hypotheses, the validity and reliability of the scales used for measuring the constructs in this study have to be examined. In this study, factor analysis was conducted to examine the dimensionality of the five dependent variables. Coefficient alpha was also calculated for each scale.

The results of the principle component factors (19 items) analysis using varimax rotation is shown in Table 4.2. The results only show the factor loadings that exceed 0.30.

Table 4.2

Result of Principal Component Factor Analysis (19 items)

(Rotation Method: Varimax)

Items	Factor 1:	Factor 2:	Factor 3:	Factor 4:	Factor 5:
	Seller Credibility	Integrative Bargaining Style	Positive Attitude	Perceived Efficiency	Perceived Satisfaction
Q1	.62912				
Q2	.67705			.39687	
Q3	.75320				
Q10	.82684				
Q11	.86105				
Q12	.85989				
Q17	.47832			.42121	.30103
Q4		.60712			
Q5		.83633			
Q6		.77957			
Q7			.68357		
Q8			.77735		
Q9			.74141		
Q13				.76593	
Q14				.79045	
Q15				.72787	
Q16				.49251	.48763
Q18					.77154
Q19					.78476

Specifically, five factors were extracted from 19 items (Q1 to Q19) basing on the minimum eigenvalue criterion. This means that the patterns of loadings suggested a configuration of five dimensions among these 19 measurement items. From the result of factor analysis, items correlating highly with other theoretically unrelated constructs were deleted, i.e., Q2, Q16 and Q17. Then the final set of 16 items were again factor

analyzed. Table 4.3 shows the results. The results show the factor loadings that exceed 0.30.

Table 4.3
Result of Principal Component Factor Analysis (16 items)
(Rotation Method: Varimax)

<u>Items</u>	<u>Factor 1:</u>	<u>Factor 2:</u>	<u>Factor 3:</u>	<u>Factor 4:</u>	<u>Factor 5:</u>
	Seller Credibility	Integrative Bargaining Style	Positive Attitude	Perceived Efficiency	Perceived Satisfaction
Q1	.64685				
Q3	.74842				
Q10	.82496				
Q11	.86420				
Q12	.86310				
Q4		.60998			
Q5		.87519			
Q6		.79079			
Q7			.68365		
Q8			.79441		
Q9			.83298		
Q13				.79500	
Q14				.82308	
Q15				.77741	
Q18					.75535
Q19					.82956

In a nutshell, the results of exploratory factor analysis found that all the items loaded strongly as what we were hypothesized in the study. Thus, there are five factors underlying the 16 measurement items, namely, seller credibility, integrative bargaining style, bargainers' positive attitude towards their bargaining partners, perceived efficiency and perceived satisfaction of the bargaining.

The final set of items used in the subsequent analysis of variance test are shown in Table 4.4. Scale means and alpha values of the scales included in the final analysis are also presented. In general, these five measurement scales could be considered as rather reliable, with α values ranging from 0.62 to 0.87 (Adler and Graham 1989).

Table 4.4
Summary of Measures (n = 240)

Dependent Variables	Items	Scale Means	Coefficient Alpha
1. Seller Credibility	<ul style="list-style-type: none"> In my opinion, I feel that the computer introduced by Mr. Wong would perform as good as other computers in the market. In my opinion, Mr. Wong is a trustworthy salesperson. In my opinion, Mr. Wong is a computer expert. In my opinion, Mr. Wong is an experienced salesperson. In my opinion, Mr. Wong is well trained in selling computer. 	3.6508	$\alpha = .87$
2. Integrative Bargaining Style	<ul style="list-style-type: none"> I will work with Mr. Wong to find solutions to a purchase decision that satisfy our expectations. I will exchange accurate information with Mr. Wong throughout the bargaining process. I will bring all our concerns out in the open so that the bargaining issue can be resolved in the best possible way. 	4.8250	$\alpha = .71$

Table 4.4 (cont'd)
Summary of Measures (n = 240)

Dependent Variables	Items	Scale Means	Coefficient Alpha
3. Positive Attitude	<ul style="list-style-type: none">I will place special emphasis on the issue of mutual benefits in the talks.I will be as cooperative and accommodative as possible throughout the bargaining process.I will adopt a helpful attitude to develop harmony throughout the bargaining process.	4.4625	$\alpha = .70$
4. Perceived Efficiency	<ul style="list-style-type: none">The bargaining probably won't take a long time to complete.I would not expect too much delays and doubt between the two parties throughout the bargaining process.Not much time consuming get-togethers and talks will go on in the bargaining process.	3.9264	$\alpha = .78$
5. Perceived Satisfaction	<ul style="list-style-type: none">If an agreement is reached, I would be very satisfied with that agreement.Besides this bargaining exercise, I expect that the two parties will have other opportunities to cooperate in the future.	4.5688	$\alpha = .62$

Results of Experimentation

The overall results of the design were examined using analysis of variance (ANOVA). Totally, three independent variables, i.e., buying situation, friendship, and bargaining partner's job status and five dependent variables, namely, seller credibility, integrative bargaining style, bargainer's positive attitude towards bargaining partner, perceived efficiency and perceived satisfaction of bargaining, were included in the study. Results of the analysis of variance tests (ANOVA) with respect to the independent variables are summarized in Table 4.5. Additionally, detailed results of the ANOVA tests are shown in Appendix III (Exhibit 1 to Exhibit 13).

Table 4.5
Results of Experimentation

	Dependent Variables				
Independent Variables	Seller credibility	Integrative Bargaining Style	Positive Attitude	Perceived Efficiency	Perceived Satisfaction
Friendship (F)	F > N-F**	F > N-F**	n.s.	F > N-F**	F > N-F**
Job Status (J)	H-J > L-J*			n.s.	
Buying Situation (S)	C.B. > O.B.*			C.B. > O.B.*	
S x F	O.B. w/ N-F: Lowest*			n.s.	
S x J	n.s.			n.s.	
J x F		F w/ L-J: Highest [#]			

Note: F : Friend
N-F : Non-Friend
H-J : High Seller Job Status
L-J : Low Seller Job Status
C.B. : Consumption Buying
O.B. : Organizational Buying
** : significant at $\alpha = 0.05$
* : significant at $\alpha = 0.1$
n.s. : not significant at $\alpha = 0.1$, but the result is in the hypothesized direction
: unexpected, but significant at $\alpha = 0.1$

Findings

Friendship:

Friendship has a significant main effect on the perceived efficiency of the bargaining ($F_{1,232} = 21.021$, $p = 0.00$). This effect is in line with the hypothesized direction: subjects bargaining with their friends will perceive a higher level of efficiency than subjects not bargaining with their friends. The perceived efficiency scale means are: 4.20 (for friend condition) and 3.66 (for non-friend condition).

Friendship also has a significant main effect on the perceived satisfaction too ($F_{1,232} = 6.357$, $p = 0.012$). This effect is in line with the hypothesized direction: subjects bargaining with their friends will perceive a higher level of satisfaction than subjects not bargaining with their friends. The perceived satisfaction scale means are: 3.14 (for friend condition) and 2.96 (for non-friend condition).

Additionally, in this analysis, even though the difference of positive attitude was not significant ($F_{1,232} = 1.232$, $p = 0.268$), the findings were inclined towards the hypothesis direction. Subjects bargaining with friends will be more willing to adopt a positive attitude towards their bargaining partners than subjects not bargaining with their friends. The positive attitude scale means are: 4.53 (for friend condition) and 4.40 (for non-friend condition).

Seller Job Status:

In this analysis, the job status has a weak main effect on seller credibility ($F_{1,232} = 3.778$, $p = 0.053$). Nevertheless, the effect was also inclined towards the hypothesis direction: subjects facing high job status bargaining partners will perceive a higher level of credibility than the subjects facing low job status partners. The credibility of seller scale means are: 3.76 (for high job status condition) and 3.54 (for low job status condition).

However, even though the difference of perceived efficiency was insignificant ($F_{1,232} = 0.465$, $p = 0.496$), it was found that the effect is in the hypothesized direction: subjects facing high job status bargaining partners will perceive a relatively higher level of efficiency than subjects facing low job status bargaining partners. The perceived efficiency scale means are: 3.97 (for high job status condition) and 3.89 (for low job status condition).

Buying Situation:

The buying situation also has a weak main effect on perceived efficiency ($F_{1,232} = 3.627$, $p = 0.058$). This effect is in the hypothesized direction: subjects involving in consumption (household) buying situation will perceive a higher level of efficiency than subjects involving in organizational buying situation. The perceived efficiency scale means are: 4.04 (for consumption buying condition) and 3.81 (for organizational buying condition).

Buying Situation - Friendship Interaction:

The buying situation by friendship interaction has a weak casual effect on seller credibility ($F_{1,232} = 2.936$, $p = 0.088$). The results and graphical presentation of this interaction are shown in Appendix III: Exhibit 6, Exhibit 7 and Exhibit 8.

The test of the simple main effect of buying situation and friendship revealed three significant simple effects (see Appendix III: Exhibit 9). It was found that friendship has a significant effect within both the consumption buying situation condition and the organizational buying situation condition (consumption buying situation: $F_{1,118} = 13.789$, $p = 0.000$ and organizational buying situation: $F_{1,118} = 30.690$, $p = 0.000$). In addition, the test of the buying situation within friendship revealed that there is a significant buying situation effect within the non-friend condition ($F_{1,118} = 5.326$, $p = 0.023$). Specifically, when a buyer is bargaining with a “non-friend” bargaining partner, the buyer will perceive a lower level of seller credibility if he/she is buying for organization use (as compared to when he/she is buying for individual personal use).

These results indicate that under both buying situations (consumption and organizational buying conditions), subjects bargaining with their friends would demonstrate more credibility than subjects not bargaining with their friends. In this analysis, it was found that subjects involving in organizational buying situation and bargaining with the “non-friend” bargaining partners would have relative lower level of seller credibility than subjects involving in consumption buying situation and bargaining

with “non-friend” partners. However, there was no difference in the credibility of the seller between the consumption buying situation and organizational buying situation when the subjects bargained with their friends.

However, the buying situation by friendship interaction has no significant impact on the perceived efficiency of the bargaining. In both buying situations, subjects bargaining with their friends would perceive a higher level of efficiency than subjects not bargaining with their friends. Yet these two groups did not differ from each other along this perceived efficiency scale.

Buying Situation - Seller Job Status Interaction:

The findings show that the buying situation by job status interaction has no significant impact on both the seller credibility and the perceived efficiency of the bargaining.

Seller Job Status - Friendship Interaction:

Though not hypothesized, the job status by friendship interaction has a weak casual effect on integrative bargaining style ($F_{1,232} = 3.166, p = 0.076$). The results and graphical presentation are shown in the Appendix III: Exhibit 10, Exhibit 11 and Exhibit 12.

The test of simple main effects of job status and friendship revealed that there is a significant friendship effect within low job status condition ($F_{1,118} = 10.031$, $p = 0.002$) (see Appendix III: Exhibit 13). The results indicate that facing both high and low job status bargaining partners, subjects bargaining with their friends would be more inclined to adopt an integrative bargaining style. However, when subjects face low job status but “friend” bargaining partners, they will be more inclined to adopt an integrative bargaining style than when they bargain with “non-friend” bargaining partners who are having low job status.

CHAPTER FIVE

SUMMARY AND CONCLUSION

We participate in the process of buyer and seller interactions everyday. In other words, we involve in the bargaining process everyday. Nevertheless, there is no single fixed effective and efficient optimal solution for both buyer and seller, and the solution is not universal. It all depends on the particular buying situation that the parties are involved under a particular cultural setting. Nevertheless, it has been observed that the interaction between buyer and seller is dyadic, and that cultural values are recognized by many scholars to have a certain impact on the negotiation or bargaining behavior. In this study, the unique Chinese cultural values were drawn as a fundamental base to propose, develop and test a conceptual framework. This framework outlines the possible unique behavioral features of Chinese consumers in the process of bargaining. These results have important values for both theorists and the management. At the same time, the results also provide interesting stimulation for further research.

This chapter begins with reviews on the summary of hypotheses testing mentioned before, then discusses the research findings, and specifies the value to both the theorists and management. In addition, it is generally agreed that research

conduction is an endless road. No study can cover all aspects of a particular issue, and there is room for improvement for every study. In this connection, the limitations and future research direction of this study will be presented at the end of this chapter.

Summary of Hypotheses Testing

A summary of the results of the analysis of dependent variables are presented in Table 5.1. Basing on the results presented in the previous chapter, we can conclude that in this study, some hypotheses are strongly supported, some are marginally supported, and some are not supported. As a whole, however, all the results are in the hypothesized direction, no matter the hypotheses are supported or not.

Table 5.1
Results of Analysis of Dependent Variables

	Dependent Variables				
Independent Variables	Seller credibility	Integrative Bargaining Style	Positive Attitude	Perceived Efficiency	Perceived Satisfaction
Friendship (F)	✓✓	✓✓	☑	✓✓	✓✓
Job Status (J)	✓			☑	
Buying Situation (S)	✓			✓	
S x F	✓			☑	
S x J	☑			☑	

Note: ✓✓ : hypothesis is strongly supported
 ✓ : hypothesis is marginally supported
 ☑ : hypothesis is rejected but the result is in the hypothesized direction

The results of the analyses provide partial support to hypothesis 1. Subjects bargaining with their friends would be more willing to adopt the integrative bargaining style than subjects not bargaining with their friends.

Moreover, subjects bargaining with their friends would perceive a higher level of efficiency and satisfaction in the bargaining than subjects not bargaining with their friends.

Even though the difference was not significant, subjects bargaining with friends would impose a somewhat higher degree of positive attitude towards the bargaining partners than subjects not bargaining with friends. This may be accountable to the non-friend condition of the scenario in the experiment. Under the "non-friend" condition, the subjects were told that they had met the bargaining partners in a business venture three years ago. However, both of them did not get to know each other very well, and the subjects have not seen each other since then. This implies that the subjects were told that they know their bargaining partners. Under the highly relationship orientated influence of Chinese culture, it is believed that the subjects might think of the development of a future relation between themselves and their bargaining partners. Even though they might not make a deal this time, Chinese will generally like to maintain a harmonious relationship with the people they know. Therefore, this may explain why the subjects still act very politely and impose a positive attitude towards the bargaining partners, even though that the bargaining partners are not labeled as their friends. Although there is no significant difference on the positive attitude towards bargaining partners between the two friendship

conditions, i.e., friend vs. non-friend, it should be noted that the scale mean received from the friend condition is still higher than those received from non-friend condition.

Similarly, hypothesis 2 also receives partial support from the results reported in the previous chapter. Subjects would perceive the high job status bargaining partners as having a higher level of credibility than the bargaining partners with low job status.

Nevertheless, the difference of the perceived efficiency between the two job status conditions, i.e., high vs. low, was not significant, even though the result is in the hypothesized direction. Subjects would perceive a somewhat higher level of efficiency from the bargaining when bargaining with high job status partners than bargaining with low job status partners.

Additionally, hypothesis 3 is supported by the data even though the differences were marginally significant. Subjects would perceive a higher level of seller credibility and a higher level of efficiency from the bargaining when involving in consumption buying situation condition than involving in organizational buying situation condition.

Moreover, hypothesis 4_a also receives support from the data. Subjects involving in the organizational buying situation and bargaining with the “non-friend” partners would perceive a lower level of seller credibility, as compared to subjects involving in consumption buying situation and bargaining with the “non-friend” partners. This interaction reflects the possibility that buyers involving in the organizational buying situation are only recognized as boundary people, they only play

the representative role in the transaction. Although friendship has a generally significant impact on both buying situations, the level of seller credibility would be lower in organizational buying situation as compared to consumption buying situation when the buyer is bargaining with a “non-friend” partners. Since Chinese people are influenced by their culture to become collectivist, situational and other oriented, they need to pay more attention and caution about others’ opinions in the company. In order to avoid offending others, they seek consensus and maintain a harmonious relationship with all members in the company. They will assess the product offered by the seller more rigidly and seriously. Thus, the acceptance level of seller credibility is relatively lower than the individual consumption buying situation, especially when the sellers are strangers. Therefore, organizational buyers’ perceived level of credibility from the sellers would be lower than that of individual buyers, even if they are facing the same seller.

However, hypothesis 4_b is not supported by the data. Subjects involving in both buying situations did not perceive different levels of efficiency of the bargaining, no matter they were bargaining with their friends or not. However, the direction of the result is in the hypothesized way.

In addition, hypothesis 5_a also is not supported basing on the reported result in the previous chapter. Its situation is similar to that of hypothesis 4_b, i.e., although the result is in hypothesized direction, subjects involving in both buying situation conditions did not perceive significantly different levels of seller credibility, no matter they were holding high job status or not.

Similarly, hypothesis 5_b does not receive any support from the data. Even though the result is in the hypothesized direction, subjects involving in both buying situations did not significantly perceive any different level of satisfaction between the two job status conditions of the seller, i.e., high vs. low job status.

Discussion

Seller credibility

As for the seller credibility construct, it can be concluded from the reported ANOVA tests findings in the previous chapter that job status has a clear and important effect on this construct. The result shows that sellers having higher job status were perceived by buyers to have higher credibility, no matter which buying situation is involved. It can be easily understood that Chinese people are defined by many scholars as authority orientated (e.g. Yang 1993a, 1993b and 1996). They worship the authority, depend and rely heavily on the information and suggestions of high authority people. Chinese people generally believe that those holding senior job positions or titles usually have a greater authority and power.

Additionally, results of ANOVA tests also suggest that both buying situation and friendship are interactively affecting the level of credibility of the bargaining partners. It was found that in both "friend" and "non-friend" situations, buyers involving in the consumption buying situations perceived a higher level of seller credibility than subjects involving in organizational buying situation. Also, buyers bargaining with their friends would perceive a higher level of credibility under both buying situation conditions. However, under the "non-friend" condition, buyers involving in organizational buying situations perceived lower level of seller credibility than the subjects involving in the consumption buying situation. This can be explained by the fact that in a collective society, Chinese people are other orientated, they are

very concern and sensitive to what and how other people look at them (see Yang 1996). They are also recognized as group oriented. Buying a product or service for the company usually involves a lot of people, even if they are not actually involved in the buying decision. It is not the individual's personal decision-making, but is a matter of group decision making. In addition, with the fear of risk and uncertain aversion, Chinese people are usually more cautious and are more rigid in evaluating the bargaining partners under organizational buying context than in household buying especially when the sellers are strangers. This is to avoid mistakes or wrong decisions, which will be labeled as their fault or causing general damage to the organization or the group as a whole.

In addition, the result shows that the interaction effect of buying situation and job status on seller credibility is not significant, even though it is in the hypothesized direction.

Bargaining Style

Integrative Bargaining style

For the integrative bargaining construct, even though the friendship has a substantial impact on the integrative bargaining style, unexpected findings should be noted here. In this study, the job status by friendship significant interaction effect is discovered which has not been included as one of the hypotheses of this study. From the results, the first observation is that the buyers are willing to adopt an integrative

bargaining style towards their friends than towards the “non-friend” partners under the two job status conditions: i.e., high vs. low job status. This may be due to the fact that in a relation oriented society, Chinese people have to maintain a harmonious relation with others especially their ingroup members (i.e., friends). Thus, what they do not only concern themselves, but will also take others into consideration. Thus, this creates a cooperative consciousness and an integrative style of life among Chinese.

Moreover, Chinese firmly believe in the concept of “yuan”. This leads to the future development of a good relationship. However, it was found that even when subjects are bargaining with friends, they are more willing to adopt an integrative bargaining style to the low job status friends than high job status friends. One plausible explanation is that granting favor is recognized as an asset or capital of social investment. When Chinese buyers encounter their friends as their bargaining partners, they might think of favor as a social investment. They thus impose a generally higher level of integrative attitude towards the “friend” than the “non-friend” partners, no matter their job status is high or low. However, for the low job status of friends condition, it is inferred that an extra higher level of integrative attitude is shown to “low job status friend” partners, simply as a matter of helping friends. This can create a very positive image to the buyer and will be constructive to their further continuous relationship. Under the concept of yuan, if they have yuan, Chinese will believe that they will meet people they know in the future in some other places. In addition, under the concept of pao, Chinese strongly believe that the validity of returning the help of others is not just short-term, but a long term concept, such as extending throughout the whole life or even retaining and directing the reward to the next life or to the next

generations. Also, the reward is greater than what they give at present. Chinese people in general have a very good and positive image, and put a very high value to the person that sends charcoal to others in a snow falling day.

Positive Attitude

As revealed in the statistics, friendship did not have a significant main effect on the buyers holding a positive attitude towards the bargaining partners. In other words, no main effect is observed on this positive attitude construct from the data. It appears that buyers involving in both friendship conditions will try to treat the partners positively, politely and cooperate with them as far as the situation allows, no matter they are not labeled as their friends or not. This may also be explained by the relational orientation of Chinese.

In general, Chinese would treat their friends better than “non-friend” people. Nevertheless, as stated before, under the “non-friend” condition in the experiment scenario, even though the bargaining partners were not labeled as friends of the subjects, they had the opportunity of meeting each other in a business venture three years ago. One plausible explanation for this finding is that under the highly relationship oriented influence of Chinese culture, Chinese would generally adopt a positive attitude towards the partners to maintain a harmonious relation with their partners whom they know and try not to make them lose face. It is because they might think of the development of a future relation between themselves and the bargaining partners whom they had met before, even though they are not labeled as their friends.

Thus, even though the buyers buy nothing from the sellers in the end, they are not willing to make the sellers feel unhappy. Therefore, they generally would treat the partners whom they know positively and politely. Even though they do not make any deal this time, the relationship between should not be harmed and they could develop better friendship in the future.

Additionally, the insignificance of the effect of friendship on positive attitude may be explained by the deep-rooted Chinese concept of yuan, and that knowing each other can also be functioned by yuan. If both the buyers and sellers have yuan, they will meet each other later in some other places. Therefore, Chinese people tend to believe strongly that the maintenance of a good relation will become an asset of bargaining in the future. Chinese people also believe strongly that there is no fixed role or position of people in the world. Today, one person can be the buyer. As time goes by, he or she can be the seller, or there can even be an exchange of roles. In addition, it is believed that people normally can remember well the bad feelings or records. In general, Chinese are very fuzzy when they are involving in interpersonal interaction and decision making process. The decisions will not only be based on what they know and face right now objectively, but will also include all the good and bad points recorded in the past. As such, the evaluation of the bargaining partner and the bargaining itself will be affected by the interaction experience in the past. Thus, it is believed that no matter what outcome will be generated from the bargaining, Chinese buyers will adopt positive attitudes towards the sellers, even though the friendship is not well developed.

In this study, the friendship effect is not significant on the positive attitude construct. Nevertheless, the scale mean of the positive attitude construct under “friend” condition is still slightly higher than the scale mean under the “non-friend” condition. It can be concluded that Chinese people would normally like to maintain a harmonious relationship with others and dislike having conflicts with others. In this study, no matter the bargaining is successful or not, the subjects give better treatment to the bargaining partners whom they know, therefore the whole bargaining process can be conducted under a positive atmosphere.

Outcomes of Bargaining

Perceived Efficiency

For the construct of perceived efficiency, although the results are all in the hypothesized direction, no significant interaction is observed from the data, neither from the buying situation and friendship nor the buying situation and job status.

Nevertheless, two points should be noted in here. First of all, there is a clear friendship effect on perceived efficiency. Generally speaking, Chinese believe the function of relation (i.e., Guanxi). They think that the bargaining process will be smoother and more efficient if the bargaining partners know each other and have a good relation. Secondly, the buying situation that buyers involved in has a mild impact on the perceived efficiency. Under a highly collectivistic, situational and other orientated society, Chinese give much concern and are sensitive to other people's

comments on them. This will reduce the level of efficiency of the bargaining process. It takes considerable time for the transaction to pass through a series of bureaucratic procedures, if the buyers need to take others' concerns and feelings into consideration under organizational buying situation.

Perceived Satisfaction

A clear friendship effect is observed for the construct of perceived satisfaction of the bargaining. This can be explained by the findings that the friendship between the buyers and sellers has a clear main effect on integrative bargaining style. Subjects bargaining with their friends will perceive a higher level of satisfaction than subjects bargaining with "non-friend" partners. Additionally, even though the results did not prove to have clear main effect on the positive attitude construct, the buyers still adopt a somewhat higher positive attitude towards their friends than non-friends. Based on these two arguments, it can be concluded that the friendship between buyers and sellers can lead to an integrative and cooperative bargaining environment, which in turn will generate a satisfactory feeling, and expects that the two partners will have other opportunities to cooperate in the future.

Significance of the Study for Theory and Practice

This study makes some contributions to both theory and management practice. Each of these is discussed below.

Theory

As mentioned in the beginning of this study, Chinese bargaining behavior has not been studied thoroughly and fully. Therefore, the major theoretical contribution of this study lies in the proposing, developing and testing of an explicit and comprehensive framework which explains the effects of friendship and job status on Chinese bargaining behavior under different buying situations.

The background of this study describes that most previous cross-cultural empirical bargaining behavioral researches have only focused on the comparison of different cultures, showed how different cultures behave differently and discussed their differences in the bargaining processes and outcomes. Even though all of these studies contribute a lot of valuable findings and information to the area of cross-cultural bargaining, the theory bases of these studies are mostly derived from Western theories (mainly from the U.S.). It has been noted that virtually every consumer behavior theory is culture-bound by the Western conceptualization of the world (Cote and Tansuhaj 1989). Since western literature has its roots in western (mainly American) culture, researchers have attempted intentionally or unintentionally to colonize their research topics, scale of measurements and subjects of a non-western origin. The result

of using these western based theories or frameworks and colonized research approaches might not comprehensively explain, predict and control the behaviors of other culture, especially when they are applied to the unique Chinese culture.

Many scholars, such as Alder and Graham (1989) have pointed out the limitation of performing international marketing study basing on the theories and methods developed by American behavioral scientists. They then recommend that if the study involves Chinese subjects, the theories and measures should be derived from the empirical studies of the Chinese.

Up to now, nevertheless, studies focusing on Chinese subjects are still very limited (e.g., Yau 1986; Yau, Chan and So 1987; Chan 1992; Yau 1993). Within this limited number of studies, the relevant studies concerning Chinese negotiation or bargaining behavior are even rarer. Thus, this study is supposed to be one of the few studies in this area.

In addition, although most of the literature discussed in Chapter Two are indigenous and rigorous Chinese researches, most of them were limited to certain non-marketing perspectives, such as social psychology, sociology and anthropology and so on. Therefore, this study should be one of few studies from the marketing perspective that adopts considerable Chinese literature and an indigenous perception as the conceptual framework and theory building, scenario development, item measurements generation.

Moreover, this study is supposed to be the first study using the experimental approach with a scenario format to study the effects of friendship and job status on the Chinese bargaining behavior under different buying situations. All of the previous studies have discussed the effects of friendship and job status using Chinese as part of their subjects. However, they usually stop at the stage of finding out the different degree of impact of friendship and job status between Chinese and western subjects. This study should be regarded as the first study in testing pure Chinese bargaining behavior among Chinese subjects.

One point worth noting here is that the particular buying situation effect that was tested in this study has not yet been studied in the Chinese culture as was mentioned in the literature review. All the previous studies usually discussed the general differences between consumption buying and organizational buying, but the discussion was not based on any particular culture. A majority of past research has only focused on single, isolated characteristics or actions of salespeople such as background attitudes, attitudes or overall styles of sales presentation. The researchers seem to ignore the importance of the buying situation effect on bargaining processes and outcomes under a particular culture. As such, this study can be claimed as the first study on the effect of the buying situation under the Chinese cultural setting.

Practice

This study makes a number of contributions to marketing practice too. The findings of this study may provide additional hints to marketers or sales managers in recruiting staff, especially salespeople, under the Chinese cultural setting. As stated in the beginning of this study, bargaining is a buyer-seller interaction behavior, and we are involved in the bargaining process everyday. From a macro point of view, buyers and sellers are defined as the parties involved in the bargaining. For example, the parties can be financial controllers. They may need to sell their financial plans to the top management and the shareholders. In addition, advertising managers may need to bargain with the financial people to ask for a bigger advertising budget. Therefore, recruiting the right people at the right time and for the right place is very important to the company's management. This study reveals the importance of friendship on seller credibility, integrative bargaining style, positive attitude, perceived efficiency and perceived satisfaction of the bargaining. It can be concluded that those who can easily build up good and friendly relationship with others (including internal and external customers) are the valuable staff to the company.

Since the future success of the company would depend on the infusion of high-caliber personnel, spending money and effort to find well-qualified staff can be a valuable investment to the company. Besides, company decision makers can use many ways to find recruits or leads concerning potential recruits including internal and external sources. Internal sources consist of other people already employed in other departments within the organization. External sources include people in other

organizations (who are often identified and referred by current members of the company), educational institutions, advertisements, and employment agencies. Since the findings of this study reveal that those who have good and friendly relationship with bargaining partners is one of the major criteria relating to the success of Chinese bargaining, a company's recruiting efforts would be concentrated on the referral schemes to encourage current staff to introduce job applicants. It is because the current staffs know the requirements of the job, they may often have contacts with their friends who may be willing to change jobs. The most important thing is that they understand their friends, they know who have good and friendly relationship building skills and who have good relationship networks with others.

Nevertheless, recruiting well-qualified job applicants is only part of a well-designed employee hiring program. The next task is to have a rigid selection process to determine which applicants best meet the requirements and have the greatest aptitude for the job. To gain the information needed to evaluate each prospective employee, it is suggested that organization would focus on the adoption of case studies and role playing methods in the selection process under Chinese cultural environment. Both of these methods can involve placing the potential applicants individually in interpersonal buying-selling situations to assess how well they perform, specifically, in terms of relationship building skills between bargaining parties and situational analysis techniques in different buying situations. Moreover, recruiting and selecting good staff is not the final step. It should be supported with a good training program to enrich the appropriate selling skills in approaching the potential buyers, especially interpersonal relationship building skill.

Additionally, this study also reveals that the effect of friendship on the level of seller credibility is influenced by the buying situations. Without any friendly relationship built between Chinese buyers and sellers, buyers involved in organizational buying situations will perceive a lower level of seller credibility than buyers involved in the consumption buying situations. It may provide an additional hint to the staff deployment strategy of the company. If the company recruits high quality employees and provides with a good training program, it is logical to think that people working for a long time in this organization should be more likely to develop good relationship with their customers. The company should assign them to approach and serve the key accounts, especially when the key accounts are organizational buyers. It is because these buyers strongly believe that outgroup members (i.e., strangers) are less likely to be dependable and trustworthy than ingroup members (i.e., friends). Therefore, sales manager of an insurance company, for instance, can assign the senior salesman to approach the clients responsible for buying employee insurance for the company. On the other hand, he/she can train the new comer of the insurance company, to focus on the life insurance package for individual clients.

Furthermore, the findings of this study also provide insight into a managerial problem. Disappointing performance of salespeople may not be caused by the salesman, but may be as a result of a poor person-and-situation fit. In this study, the result shows that buyers will perceive a higher level of seller credibility from a higher job status seller than from a lower job status seller. In addition, buyers also perceive a higher level of seller credibility when they are involved in consumption buying situations than in organizational buying situations. Even though the interaction effect

was not significant, it was still in the hypothesized direction. Buyers will perceive a somewhat higher level of seller credibility from a higher job status seller under the consumption situation.

Since the basic factors which affect the perceived credibility of a salesman are of primary interest to marketing managers, establishing a customer's trust is a perennial problem for the salesman (Stryker 1967). Therefore, the result of this study can stimulate the practitioners to understand the decision making process of customers. This would affect the way salespeople are being managed or trained --- what information should be provided by the salespeople, what data should be examined from customers, how to set targets for the salespeople and the process in deciding upon the strategies. In a company, staff could be posited in the management hierarchy according to their experience and seniority. Additionally, target segments can be classified according to their buying motive (that is, consumption buying versus organizational buying). Salesmen having more experience and holding higher job positions could be assigned to handle the organizational accounts.

With the identification of different needs and wants of different types of buyers, a sales manager of a cleaning service providing company, for example, can assign the higher job status salesman to approach the clients responsible for selecting cleaning service company for the organizations. On the other hand, he/she can train the lower job status salesman, who may be the new comer of the company, to focus on the cleaning service package for individual household clients.

To sum up, this study demonstrates the effects of friendship, job status and buying situation on seller credibility, integrative bargaining style, positive attitude, perceived efficiency and perceived satisfaction of the bargaining under the Chinese cultural setting. In other words, this study strengthens the following message: nowadays, the business environment is very complex and buying behavior is affected by many factors. Familiar factors such as friendship cannot be the only one factor playing an important role in the Chinese bargaining behavior. It appears that bargaining should be regarded as a multi-determined behavior. Hence, marketing or selling strategies focusing exclusively on one variable may be less than optimally effective.

Limitations

Experimental Design

The objective of this study was to examine the effects of friendship and job status of the sellers on the buyers' perception and attitude, and on the outcomes of bargaining under different buying situations. In this study, an experiment using diploma and postgraduate students as the sample and artificial bargaining scenario was designed. This self-reported scenario design optimized precision in control and measurement, but one drawback of this design is the constraints in generalization. It is generally believed that optimizing both precision and realism of the study at the same time is not without problems. However, as stated in Chapter Three, many scholars (e.g., Morris, Paul, and Rahtz 1987; Sawyer, Worthing, and Sendak 1979; Calder, Phillips, and Tybout 1981; McGrath and Brinberg 1983) agree that if the study is mainly used to build up a theoretical cause-and-effect relationship, using experiments with artificial bargaining scenario can be recognized as an appropriate method.

Hong Kong Chinese Sample

Since the data was collected only from the sample of Hong Kong Chinese, their level of Chineseness would be queried especially when Hong Kong, to a certain extent, is perceived to be westernized under almost one hundred years of British colonization. However, there are reasons for the adoption of Hong Kong Chinese as the major respondents in this study. First, more than 90 per cent of the Hong Kong population is

Chinese. Second, most of them learn Chinese from kindergartens, read Chinese books and newspapers, watch Chinese television programs in their daily life, and celebrate traditional Chinese festivals throughout the year. With the reported moderately strong level finding of Chineseness among Hong Kong Chinese in the 90s (Le Claire 1992), using Hong Kong Chinese can be recognized as an appropriate sample in this study.

Suggestions for Future Research

Experimental Design

In view of the limitation of using self-reported scenario format discussed in the previous part, another approach --- negotiation or bargaining game, such as integrative bargaining paradigm (Kelly 1966; Pruitt and Lewis 1975; Lewis and Fry 1977; Graham 1980; Clopton 1984) --- can be adopted in similar studies in future research. It is regarded as a commonly used experimental approach in the area of negotiation or bargaining study. According to Graham (1980), the bargaining game contains many advantages, such as: stimulation of actual sales negotiation's essential elements, observation of actual behavior and identification of other process variables. The whole bargaining process can also be recorded, that would include the useful measurements of the facial expressions of the parties involved for further analysis. In addition, this study can also be replicated and the experimental results can be further confirmed through conducting field survey.

Hong Kong Chinese Sample

The focus of this study is only on the Hong Kong Chinese bargaining, which is regarded as having a moderately strong level of Chineseness. It is believed that other areas or groups of Chinese should also be studied, in order to further confirm the results of this study. The most suitable groups for further research may include

Mainland Chinese, Taiwan Chinese, Singaporean Chinese, Malaysian Chinese, Filipino Chinese, and Thai Chinese.

Unexpected Findings

In this study, there is an unexpected marginally significant finding, i.e., the subjects would adopt a more integrative bargaining style when the sellers are their friends, even though they might have low job status. Together with the insignificant finding of friendship on positive attitude, we can conclude that because of the concept of “Yuan” and “Pao”, which was already discussed and explained in the previous part, Chinese would generally think of the future development of the relationship leading towards future activities. Generally speaking, Chinese people are very appreciative of these persons who have supported them in hard times, and will duly reward them when opportunities arise.

Nevertheless the future relationship building orientation has not been studied in this study. In future research, this orientation could be used as one of the dimensions to influence the Chinese bargaining behavior.

Conclusion

Despite the limitations mentioned above, this study covers both theoretical and practical grounds. First of all, this study makes contributions to the theoretical development of Chinese bargaining. A relationship between friendship and job status is examined under different buying situations within the Chinese context and a pattern is identified. It forms a foundation for further development in the Chinese bargaining studies.

Additionally, it provides practitioners with a view of the bargaining behavior of Chinese (mainly Hong Kong Chinese). This is a step towards a better understanding of business strategy and tactics that can be very useful for formulating strategies and long term plans.

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APPENDIX I

QUESTIONNAIRE

INSTRUCTIONS

The survey in which you are about to participate is sponsored by The Chinese University of Hong Kong, and is concerned with Sales Bargaining. On the following page is a description of the situation surrounding the bargaining.

Please read the description carefully.

After you have read it, please answer the questions below based on the information given. **Please read the questions carefully and answer all of them even if you feel uncertain about some of your answers.** This study is anonymous, and there are no right or wrong answers. Therefore please respond according to your own judgment.

Thank you very much.

♣ BACKGROUND ♣

Assuming that you are intending to buy a computer for your company. Your current assignment is to bargain with some computer companies in order to purchase the computer from one of them.

Today, Mr. Paul Wong, Senior Sales Manager of one of the computer companies, comes and talks to you. He is a good friend of yours -- the two of you had met in a business venture three years ago, and you have become good friends since then. Recently, the two of you have the opportunity of meeting each other frequently in various social occasions, and a better friendship has been developed between you and him.

◆ BACKGROUND ◆

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Today, Mr. Paul Wong, Senior Sales Manager of one of the computer companies, comes and talks to you. The two of you had met in a business venture three years ago. However, you did not get to know each other very well, and you have not seen each other since. Recently, the two of you have the opportunity of meeting each other frequently in various social occasions, but actually your friendship has not developed much.

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♣ BACKGROUND ♦

Assuming that you are intending to buy a computer for yourself. Currently, you have to bargain with some computer companies in order to purchase the computer from one of them.

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Today, Mr. Paul Wong, Junior Sales Representative of one of the computer companies, comes and talks to you. The two of you had met in a business venture three years ago. However, you did not get to know each other very well, and you have not seen each other since. Recently, the two of you have the opportunity of meeting each other frequently in various social occasions, but actually your friendship has not developed much.

I. With respect to the situation mentioned above, do you think that this sales bargaining would be an efficient and successful one? Please elaborate why.

II. With respect to the situation mentioned above, please indicate your agreement/disagreement towards the following statements. There is no right or wrong answer. Please circle your answers to the questions according to the following scale:

Scale: 6 = strongly agree, 5 = somewhat agree, 4 = slightly agree,
3 = slightly disagree, 2 = somewhat disagree, 1 = strongly disagree.

	strongly agree				strongly disagree		
	6	5	4	3	2	1	
1. In my opinion, I feel that the computer introduced by Mr. Wong would perform as good as other computers in the market.							
2. I am very confident that the quality of the computer introduced by Mr. Wong will perform as expected.							
3. In my opinion, Mr. Wong is a trustworthy salesperson.							

		strongly agree			strongly disagree		
4.	I will work with Mr. Wong to find solutions to a purchase decision that satisfy our expectations.	6	5	4	3	2	1
5.	I will exchange accurate information with Mr. Wong throughout the bargaining process.	6	5	4	3	2	1
6.	I will bring all our concerns out in the open so that the bargaining issue can be resolved in the best possible way.	6	5	4	3	2	1
7.	I will place special emphasis on the issue of mutual benefits in the talks.	6	5	4	3	2	1
8.	I will be as cooperative and accommodative as possible throughout the bargaining process.	6	5	4	3	2	1
9.	I will adopt a helpful attitude to develop harmony throughout the bargaining process.	6	5	4	3	2	1
10.	In my opinion, Mr. Wong is a computer expert.	6	5	4	3	2	1
11.	In my opinion, Mr. Wong is an experienced salesperson.	6	5	4	3	2	1
12.	In my opinion, Mr. Wong is well trained in selling computer.	6	5	4	3	2	1

		strongly agree				strongly disagree	
13.	The bargaining probably won't take a long time to complete.	6	5	4	3	2	1
14.	I would not expect too much delays and doubt between the two parties throughout the bargaining process.	6	5	4	3	2	1
15.	Not much time consuming get-togethers and talks will go on in the bargaining process.	6	5	4	3	2	1
16.	Overall, I think I would bargain with an optimistic frame of mind.	6	5	4	3	2	1
17.	I expect that the deal will be successful.	6	5	4	3	2	1
18.	If an agreement is reached, I would be very satisfied with that agreement.	6	5	4	3	2	1
19.	Besides this bargaining exercise, I expect that the two parties will have other opportunities to cooperate in the future.	6	5	4	3	2	1
20.	I would consider Mr. Wong as a good friend of mine.	6	5	4	3	2	1
21.	In my opinion, Mr. Wong is a senior person in his company.	6	5	4	3	2	1
22.	I am buying the computer for my personal use.	6	5	4	3	2	1

III. Demographic Questions for Classification Purpose

1. Sex (Please circle one):

- a) Male
- b) Female

2. Highest Education (Please circle one):

- a) Primary
- b) Secondary
- c) Some College
- d) College/University Graduate
- e) Postgraduate

3. Age (Please circle one):

- a) under 31
- b) 31 - 40
- c) 41 - 50
- d) 51 - 60
- e) 60 or above

4. Number of Years of Working Experience:

_____ Years

5. Your Job Title is: _____

6. Your position in the management hierarchy is:
- a) Top Management
 - b) Middle - Senior Management
 - c) Middle Management
 - d) Junior Management
 - e) Others (please specify): _____

7. How long have you been in Hong Kong?

_____ Years

8. Your nationality by birth is : _____

9. I would consider myself a computer expert.

Strongly agree						Strongly disagree
6	5	4	3	2	1	

10. Percentage of daily working time involved in business bargaining :

(Please circle your response.)

0% 5% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

IV. Open-ended Questions

1. What do you think are the success factors in this computer sales bargaining?

2. What do you think is the major objective of this survey?

Thank You Very Much.

APPENDIX II

ONE WAY ANOVA & CHI-SQUARE TABLES

Exhibit 1

Sex

One Way Analysis of Variance:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Between Groups	7	0.1137	0.4509	0.869
Within Groups	232	0.2522		

Chi-Square Test:

<u>Chi-Square</u>	<u>Value</u>	<u>df</u>	<u>Significant</u>
Pearson	3.22114	7	0.86382

Exhibit 2

Education Level

One Way Analysis of Variance:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Between Groups	7	0.2286	0.4718	0.8545
Within Groups	232	0.4845		

Chi-Square Test:

<u>Chi-Square</u>	<u>Value</u>	<u>df</u>	<u>Significant</u>
Pearson	12.30035	21	0.93115

Exhibit 3

Age

One Way Analysis of Variance:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Between Groups	7	0.1690	0.4307	0.8825
Within Groups	232	0.3925		

Chi-Square Test:

<u>Chi-Square</u>	<u>Value</u>	<u>df</u>	<u>Significant</u>
Pearson	14.72125	14	0.39747

Exhibit 4

Number of Years of Working Experience

One Way Analysis of Variance:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Between Groups	7	0.6571	0.8313	0.5622
Within Groups	232	0.7905		

Chi-Square Test:

<u>Chi-Square</u>	<u>Value</u>	<u>df</u>	<u>Significant</u>
Pearson	22.70011	21	0.36017

Exhibit 5

Ranking in the Company

One Way Analysis of Variance:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Between Groups	7	0.9714	1.2108	0.2975
Within Groups	232	0.8023		

Chi-Square Test:

<u>Chi-Square</u>	<u>Value</u>	<u>df</u>	<u>Significant</u>
Pearson	20.10296	21	0.51475

Exhibit 6

Number of Years of Residence in Hong Kong

One Way Analysis of Variance:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Between Groups	7	0.4262	0.4874	0.8433
Within Groups	232	0.8744		

Chi-Square Test:

<u>Chi-Square</u>	<u>Value</u>	<u>df</u>	<u>Significant</u>
Pearson	22.91659	35	0.94208

Exhibit 7

Level of Expertise on Computer

One Way Analysis of Variance:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Between Groups	7	0.5905	1.3138	0.2444
Within Groups	232	0.4494		

Chi-Square Test:

<u>Chi-Square</u>	<u>Value</u>	<u>df</u>	<u>Significant</u>
Pearson	11.96452	14	0.60915

Exhibit 8

Amount of Time Involved in Business Bargaining

One Way Analysis of Variance:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Between Groups	7	0.9232	1.4488	0.1867
Within Groups	232	0.6372		

Chi-Square Test:

<u>Chi-Square</u>	<u>Value</u>	<u>df</u>	<u>Significant</u>
Pearson	16.07157	14	0.30902

APPENDIX III

ANOVA TABLES

Exhibit 1

Cell Means of Seller credibility:

	<u>Consumption Buying</u>		<u>Organizational Buying</u>	
	<u>Friend</u>	<u>Non-Friend</u>	<u>Friend</u>	<u>Non-Friend</u>
High Job Status	4.21	3.61	4.19	3.04
Low Job Status	3.86	3.31	3.88	3.10

Analysis of Variance of Seller credibility:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Buying Situation (S)	1	2.281	2.383	0.093
Job Status (J)	1	3.038	3.778	0.053
Friend (F)	1	35.420	44.057	0.000
S x J	1	0.580	0.722	0.396
S x F	1	2.360	2.936	0.088
J x F	1	0.662	0.823	0.365
S x J x F	1	0.400	0.498	0.481
Residual (Error)	232	0.804		

Exhibit 2

Cell Means of Integrative Bargaining Style:

	<u>Consumption Buying</u>		<u>Organizational Buying</u>	
	<u>Friend</u>	<u>Non-Friend</u>	<u>Friend</u>	<u>Non-Friend</u>
High Job Status	4.78	4.79	4.99	4.82
Low Job Status	5.08	4.56	4.99	4.60

Analysis of Variance of Integrative Bargaining Style:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Buying Situation (S)	1	0.150	0.222	0.638
Job Status (J)	1	0.091	0.134	0.714
Friend (F)	1	4.267	0.631	0.013
S x J	1	0.313	0.463	0.497
S x F	1	0.007	0.011	0.917
J x F	1	2.141	3.166	0.076
S x J x F	1	0.363	0.537	0.465
Residual (Error)	232	0.676		

Exhibit 3

Cell Means of Positive Attitude:

	<u>Consumption Buying</u>		<u>Organizational Buying</u>	
	<u>Friend</u>	<u>Non-Friend</u>	<u>Friend</u>	<u>Non-Friend</u>
High Job Status	4.33	4.57	4.63	4.44
Low Job Status	4.71	4.26	4.43	4.32

Analysis of Variance of Positive Attitude:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Buying Situation (S)	1	0.004	0.005	0.944
Job Status (J)	1	0.245	0.295	0.588
Friend (F)	1	1.023	1.232	0.268
S x J	1	0.567	0.683	0.409
S x F	1	0.023	0.027	0.869
J x F	1	1.400	1.687	0.195
S x J x F	1	2.204	2.655	0.105
Residual (Error)	232	0.830		

Exhibit 4

Cell Means of Perceived Efficiency:

	<u>Consumption Buying</u>		<u>Organizational Buying</u>	
	<u>Friend</u>	<u>Non-Friend</u>	<u>Friend</u>	<u>Non-Friend</u>
High Job Status	4.40	3.87	4.10	3.50
Low Job Status	4.33	3.56	3.96	3.70

Analysis of Variance of Perceived Efficiency:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Buying Situation (S)	1	3.038	3.267	0.058
Job Status (J)	1	0.389	0.465	0.496
Friend (F)	1	17.604	21.021	0.000
S x J	1	0.704	0.841	0.360
S x F	1	0.778	0.929	0.336
J x F	1	0.037	0.045	0.833
S x J x F	1	1.300	1.553	0.214
Residual (Error)	232	0.837		

Exhibit 5

Cell Means of Perceived Satisfaction:

	<u>Consumption Buying</u>		<u>Organizational Buying</u>	
	<u>Friend</u>	<u>Non-Friend</u>	<u>Friend</u>	<u>Non-Friend</u>
High Job Status	3.19	3.10	3.21	2.91
Low Job Status	3.04	2.90	3.10	2.91

Analysis of Variance of Perceived Satisfaction:

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Buying Situation (S)	1	0.038	0.122	0.727
Job Status (J)	1	0.778	2.529	0.113
Friend (F)	1	1.956	6.357	0.012
S x J	1	0.204	0.664	0.416
S x F	1	0.245	0.796	0.373
J x F	1	0.012	0.038	0.846
S x J x F	1	0.104	0.339	0.561
Residual (Error)	232	0.308		

Exhibit 6

Marginal Means for the Interaction of
Buying Situation and Friendship on Seller credibility:

		<u>Buying Situation</u>	
		Consumption Buying	Organizational Buying
<u>Friendship</u>	Friend	4.03	4.04
	Non-Friend	3.46	3.07

Exhibit 7

Mean Seller credibility:

Buying Situation by Friendship

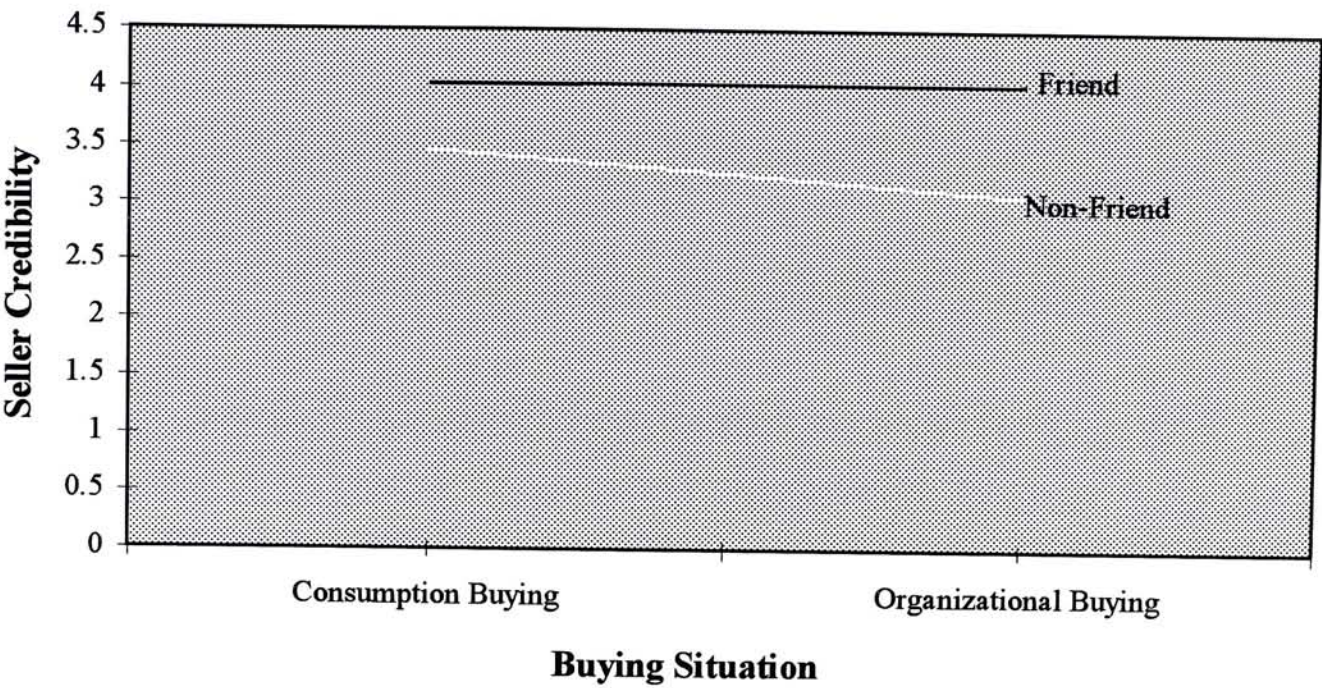


Exhibit 8

Mean Seller credibility:

Friendship by Buying Situation

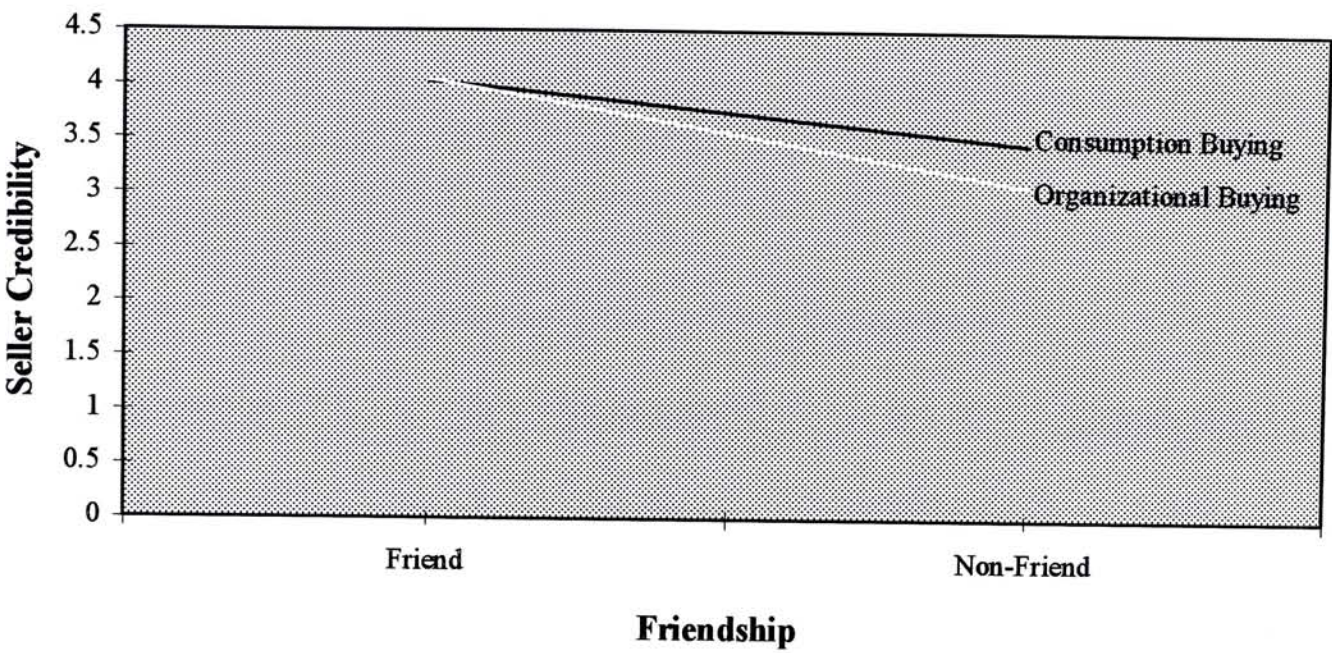


Exhibit 9

Analysis of Variance of Seller credibility:

Consumption Buying Situation Condition

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Friendship	1	9.747	13.789	0.000
Residual (Error)	118	0.707		

Organizational Buying Situation Condition

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Friendship	1	28.033	30.690	0.000
Residual (Error)	118	0.913		

Friend Condition

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Buying Situation	1	0.000	0.000	0.983
Residual (Error)	118	0.749		

Non-Friend Condition

<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Buying Situation	1	4.641	5.326	0.023
Residual (Error)	118	0.871		

Exhibit 10

Marginal Means for the Interaction of
Job Status and Friendship on Integrative Bargaining Style:

		<u>Job Status</u>	
		High	Low
<u>Friendship</u>	Friend	4.88	5.03
	Non-Friend	4.81	4.58

Exhibit 11

Mean Integrative Bargaining Style:

Job Status by Friendship

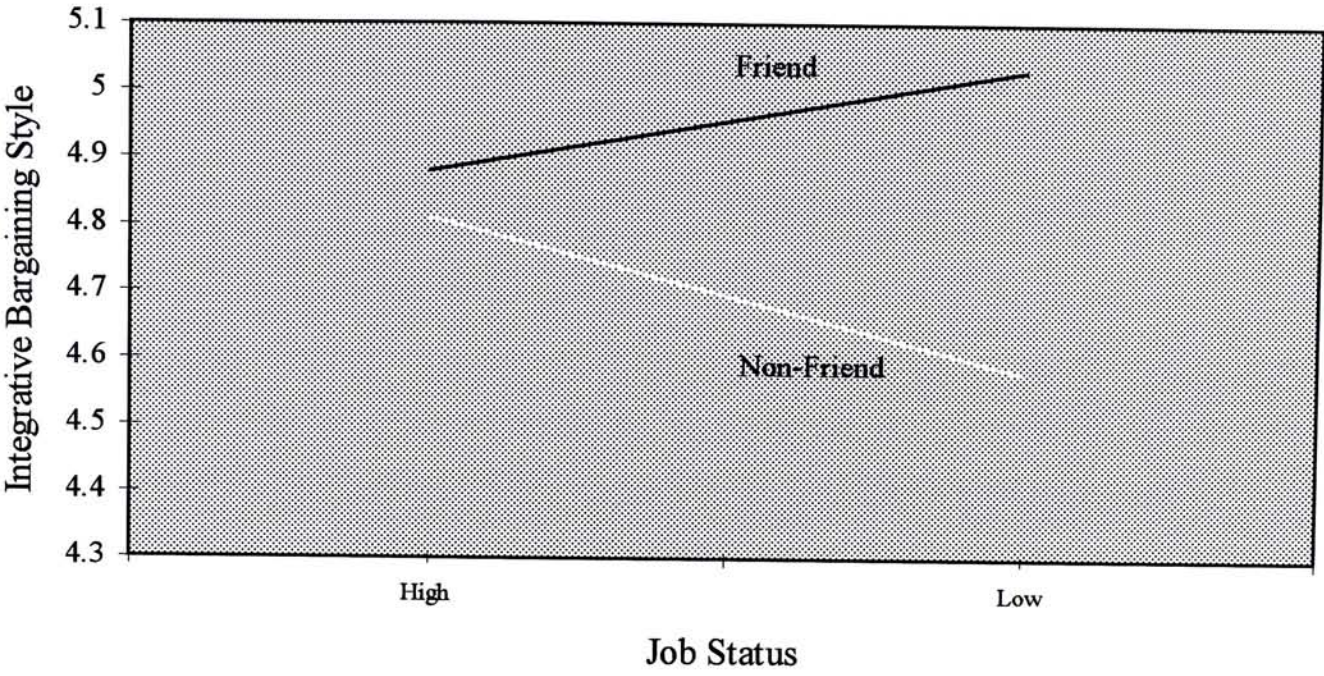


Exhibit 12

Mean Integrative Bargaining Style:

Friendship by Job Status

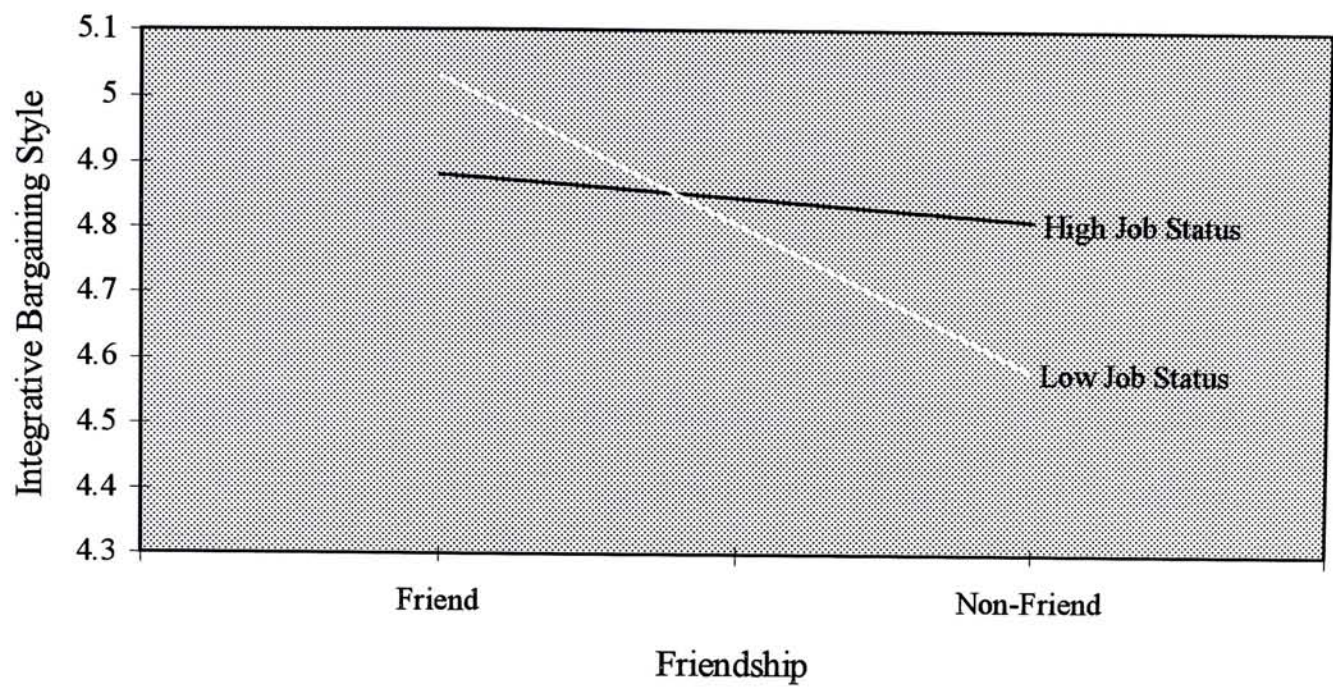


Exhibit 13

Analysis of Integrative Bargaining Style:

High Job Status Condition				
<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Friendship	1	0.181	0.254	0.616
Residual (Error)	118	0.716		

Low Job Status Condition				
<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Friendship	1	6.226	10.031	0.002
Residual (Error)	118	0.621		

Friend Condition				
<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Job Status	1	0.675	10247	0.266
Residual (Error)	118	0.541		

Non-Friend Condition				
<u>Source of Variation</u>	<u>df</u>	<u>Mean Square</u>	<u>F</u>	<u>Significant of F</u>
Job Status	1	1.556	1.958	0.164
Residual (Error)	118	0.795		

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